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VMWARE, INC.

FORM S-1/A
(Securities Registration Statement)

Filed 07/09/07

Address	3401 HILLVIEW AVENUE
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CIK	0001124610
Symbol	VMW
SIC Code	7372 - Services-Prepackaged Software
Industry	IT Services & Consulting
Sector	Technology
Fiscal Year	01/31

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As filed with the Securities and Exchange Commission on July 9, 2007.

Registration No. 333-142368

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2 to
Form S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

VMWARE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	7372	94-3292913
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

3401 Hillview Avenue
Palo Alto, CA 94304
(650) 427-5000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public : As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price [1][2]	Amount of registration fee [3]
Class A Common Stock, par value $0.01 per share	$948,750,000	$29,126.63

(1) Includes shares of Class A common stock to be sold upon exercise of the underwriters' over-allotment option, if any.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.
(3) $3,070 of which has been previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 9, 2007

P R O S P E C T U S

33,000,000 Shares

VMware, Inc.

Class A Common Stock
$ per share

We are selling 33,000,000 shares of Class A common stock. We have granted the underwriters an option to purchase up to 4,950,000 additional shares of Class A common stock from us to cover over-allotments.

This is the initial public offering of our Class A common stock. We currently expect the initial public offering price of our Class A common stock to be between $23.00 and $25.00 per share. Our Class A common stock has been approved for listing on the New York Stock Exchange under the symbol “VMW.”

We are currently a wholly owned subsidiary of EMC Corporation, or EMC, and following this offering EMC will continue to be our controlling stockholder. Following this offering, we will have two classes of authorized common stock: Class A common stock and Class B common stock. EMC, will own 32,500,000 shares of Class A common stock and all 300,000,000 shares of Class B common stock, representing approximately 89% of our total outstanding shares of common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus. The holders of Class B common stock shall be entitled to 10 votes per share and the holders of Class A common stock shall be entitled to one vote per share. Therefore, EMC will hold approximately 99% of the combined voting power of our outstanding common stock upon completion of this offering.

Investing in our Class A common stock involves risks. See “ Risk Factors ” beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to VMware	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2007.

Citi **JPMorgan** **Lehman Brothers**

Credit Suisse **Merrill Lynch & Co.** **Deutsche Bank Securities**

Banc of America Securities LLC	**Bear, Stearns & Co. Inc.**	**UBS Investment Bank**
Wachovia Securities	**A.G. Edwards**	**HSBC**

, 2007.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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Dealer Prospectus Delivery Obligation

Through and including , 2007 (25 days after commencement of this offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of this offering, but does not contain all of the information that you should consider before investing in our Class A common stock. You should read the entire prospectus carefully before making an investment decision, especially the risks of investing in our Class A common stock discussed under "Risk Factors." Unless the context otherwise requires, the terms "we," "us," "our," "our company" and "VMware" refer to VMware, Inc. and its consolidated subsidiaries. Unless the context otherwise requires, the term "EMC" refers to our parent company, EMC Corporation, and its consolidated subsidiaries other than us.

Our Business

We are the leading provider of virtualization solutions. Our virtualization solutions represent a pioneering approach to computing that separates the operating system and application software from the underlying hardware to achieve significant improvements in efficiency, availability, flexibility and manageability. Our solutions enable organizations to aggregate multiple servers, storage infrastructure and networks together into shared pools of capacity that can be allocated dynamically, securely and reliably to applications as needed, increasing hardware utilization and reducing spending. We believe that the market opportunity for our virtualization solutions is large and expanding, with 24.6 million x86 servers and 489.7 million business client PCs installed worldwide as of December 2006. Our customer base includes 100% of the Fortune 100 and over 84% of the Fortune 1,000. Our customer base for our server solutions has grown to include 20,000 organizations of all sizes across numerous industries. We believe our solutions deliver significant economic value for customers, and many have adopted our solutions as the strategic and architectural foundation for their future computing initiatives.

In the eight years since the introduction of our first virtualization platform, we have expanded our offering with virtual infrastructure automation products to address distributed and heterogeneous infrastructure challenges such as system recoverability and reliability, backup and recovery, resource provisioning and management, capacity and performance management and desktop security. We have also complemented our virtualization platforms with a suite of related virtual infrastructure management products. Our broad and proven suite of virtualization solutions addresses a range of complex IT problems that include infrastructure optimization, business continuity, software lifecycle management and desktop management.

We work closely with over 200 technology partners, including leading server, processor, storage, networking and software vendors. We have shared the economic opportunities surrounding virtualization with our partners by facilitating solution development through open application programming interfaces (APIs), formats and protocols and providing access to our source code and technology. The endorsement and support of our partners have further enhanced the awareness, reputation and adoption of our virtualization solutions.

We have developed a multi-channel distribution model to expand our presence and reach various segments of the market. We derive a significant majority of our revenues from our large indirect sales channel of more than 4,000 channel partners that include distributors, resellers, x86 system vendors and systems integrators. We believe that our partners benefit greatly from the sale of our solutions through additional services, software and hardware sales opportunities. We have trained a large number of partners and end users to deploy and leverage our solutions.

We have achieved strong financial performance to date, as demonstrated by our revenue growth. Our total revenues were $703.9 million in 2006 and $387.1 million in 2005, representing an increase of 82% in 2006. Software license revenues were $491.9 million in 2006 and $287.0 million in 2005, representing an increase of 71% in 2006.

The historical financial information we have included in this prospectus includes allocations of certain corporate functions historically provided to us by EMC, including tax, accounting, treasury, legal and human resources services and other general corporate expenses. These allocations were made based on estimates which are considered reasonable by our management. Our historical results are not necessarily indicative of what our results of operations, financial position, cash flows or costs and expenses would have been had we been an independent entity during the historical periods presented or what our results of operations, financial position, cash flows or costs and expenses will be in the future when we are a publicly traded, stand-alone company.

Industry Background

The introduction of x86 servers in the 1980s provided a low-cost alternative to mainframe and proprietary UNIX systems. The broad adoption of Windows and the emergence of Linux as server operating systems in the 1990s established x86 servers as the industry standard. The growth in x86 server and desktop deployments has introduced new operational risks and IT infrastructure challenges. These challenges include:

- *Low Infrastructure Utilization* . Typical x86 server deployments achieve an average utilization of only 10% to 15% of total capacity, according to International Data Corporation (IDC), a market research firm. Organizations typically run one application per server to avoid the risk of vulnerabilities in one application affecting the availability of another application on the same server.
- *Increasing Physical Infrastructure Costs* . The operational costs to support growing physical infrastructure have steadily increased. Most computing infrastructure must remain operational at all times, resulting in power consumption, cooling and facilities costs that do not vary with utilization levels.
- *Increasing IT Management Costs* . As computing environments become more complex, the level of specialized education and experience required for infrastructure management personnel and the associated costs of such personnel have increased. Organizations spend disproportionate time and resources on manual tasks associated with server maintenance, and thus require more personnel to complete these tasks.
- *Insufficient Failover and Disaster Protection* . Organizations are increasingly affected by the downtime of critical server applications and inaccessibility of critical end user desktops. The threat of security attacks, natural disasters, health pandemics and terrorism has elevated the importance of business continuity planning for both desktops and servers.
- *Desktop Management and Security* . Managing and securing enterprise desktops present numerous challenges. Controlling a distributed desktop environment and enforcing management, access and security policies without impairing users' ability to work effectively is complex and expensive. Numerous patches and upgrades must be continually applied to desktop environments to eliminate security vulnerabilities.

Virtualization was first introduced in the 1970s to enable multiple business applications to share and fully harness the centralized computing capacity of mainframe systems. Virtualization was effectively abandoned during the 1980s and 1990s when client-server applications and inexpensive x86 servers and desktops established the model of distributed computing. Rather than sharing resources centrally in the mainframe model, organizations used the low cost of distributed systems to build up islands of computing capacity, providing some benefits but also introducing new challenges. In 1999, VMware introduced virtualization to x86 systems as a means to efficiently address many of these challenges and to transform x86 systems into general purpose, shared hardware infrastructure that offers full isolation, mobility and operating system choice for application environments.

We believe that the addressable market opportunity for our virtualization solutions is large and expanding. IDC estimates that less than one million of the 24.6 million x86 servers and less than five million of the 489.7 million business client PCs deployed worldwide are running virtualization software. We believe industry trends towards more powerful yet under-utilized multi-core servers and the increasing complexity of managing desktop environments will further accelerate the widespread adoption of virtualization for both server and desktop deployments.

Our Solution

Our virtualization solutions run on industry-standard servers and desktops and support a wide range of operating system and application environments, as well as networking and storage infrastructure. We have designed our solutions to function independently of the hardware and operating system to provide customers with a broad platform choice. Our solutions provide a key integration point for hardware and infrastructure management vendors to deliver differentiated value that can be applied uniformly across all application and operating system environments. Key benefits to our virtualization solutions include:

- *Server Consolidation and Infrastructure Optimization.* Our solutions enable organizations to achieve significantly higher resource utilization by pooling common infrastructure resources and breaking the legacy “one application to one server” model.
- *Physical Infrastructure Cost Reduction.* Through server consolidation and containment, our solutions reduce the required number of servers and other related infrastructure overhead. Organizations are able to significantly decrease physical infrastructure costs through reduced data center space, power and cooling requirements.
- *Improved Operational Flexibility and Responsiveness.* We offer a set of automation and management solutions that reduce the amount of time IT professionals must spend on largely reactive tasks, such as provisioning, configuration, monitoring and maintenance. Additionally, as the need for physical infrastructure decreases, so does the need for the highly-specialized personnel required to manage and maintain such environments.
- *Increased Application Availability and Improved Business Continuity* . Our solutions enable organizations to reduce both planned and unplanned downtime in their computing environments by allowing them to securely migrate entire virtual environments to separate servers or even data center locations without user interruption.
- *Improved Desktop Manageability and Security* . Our desktop virtualization solutions allow IT organizations to efficiently control and secure desktop environments to end users regardless of their location, desktop hardware, operating system or business application access needs.

Our Competitive Strengths

We believe that the following competitive strengths position us well to maintain and extend our leadership in virtualization solutions:

- leading technology and market position;
- broad product portfolio;
- open standards and choice of operating systems;
- large installed base of customers;
- strong partner network; and
- robust global support operations and services.

Our Growth Strategy

Our objective is to extend our market leadership in virtualization solutions. To accomplish this objective, we intend to:

- broaden our product portfolio;
- enable choice for customers and drive standards;
- expand our network of technology and distribution partners;
- increase sales to existing customers and pursue new customers; and
- increase market awareness and drive adoption of virtualization.

Risks that We Face

You should carefully consider the risks described under "Risk Factors" and elsewhere in this prospectus. These risks could materially and adversely impact our business, financial condition, operating results and cash flow, which could cause the trading price of our Class A common stock to decline and could result in a partial or total loss of your investment.

Our Relationship with EMC

We were acquired by EMC in January 2004, and prior to this offering we were operated as a wholly owned subsidiary of EMC. As a result, in the ordinary course of our business, we have received various services provided by EMC, including tax, accounting, treasury, legal and human resources services. EMC has also provided us with the services of a number of its executives and employees prior to this offering and will continue to do so after this offering.

EMC Will Be Our Controlling Stockholder. Immediately following this offering, EMC, which will hold approximately 43% of our Class A common stock and 100% of our Class B common stock, will own approximately 89% of our outstanding common stock and 99% of the combined voting power of our outstanding common stock (approximately 88% of our outstanding common stock and 98% of the combined voting power of our outstanding common stock if the underwriters exercise in full their over-allotment option). As a result, EMC will continue to control us following the completion of this offering, and will be able to exercise control over all matters requiring stockholder approval, including the election of our directors and approval of significant corporate transactions.

Agreements Between EMC and Us. We will enter into several agreements with EMC prior to the completion of this offering, including a master transaction agreement, an administrative services agreement, a new tax sharing agreement, an intellectual property agreement, an employee benefits agreement, an insurance matters agreement and a real estate agreement. For a description of these agreements and the other agreements that we will enter into with EMC, read "Certain Relationships and Related Person Transactions—Relationship with EMC Corporation."

Exchange Offer

In connection with the offering, we are conducting a voluntary exchange offer pursuant to which we are offering our eligible employees the ability to exchange their existing EMC options and restricted stock awards for options to purchase our Class A common stock and restricted stock awards of our Class A common stock, respectively, at an exchange ratio based upon EMC's two-day weighted average trading price prior to the consummation of this offering and the initial public offering price of our Class A common stock. The exchange ratio is designed to preserve the intrinsic value of the tendered EMC awards. In this prospectus, we refer to this voluntary exchange offer as the "exchange offer." We are making the exchange offer to eligible employees for compensatory purposes. Our board of directors believes that ownership by our employees of options to purchase our Class A common stock and restricted stock awards of our Class A common stock received in the exchange offer will serve as an effective tool to encourage stock option and restricted stock recipients to act in the VMware stockholders' interest by enabling the option recipients to have an economic stake in our success.

We expect to commence the exchange offer on such date as to cause the exchange offer to expire concurrently with the pricing of shares in this offering. We believe that the proposed timing of the exchange offer relative to this offering, such that the initial value of the VMware options and restricted stock received by eligible employees in the exchange offer will be based upon the initial offering price of shares in this offering, will advance the compensatory objectives of the exchange offer and that tying equity compensation to the initial offering price of shares will provide eligible employees a strong incentive to participate in our potential growth from the time we become a public company.

All of our employees in the United States who hold EMC options and EMC restricted stock will be eligible to participate in the exchange offer. As of June 30, 2007, there were approximately 1,900 employees who would be eligible to participate in the exchange offer. Based on an assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus) and an assumed EMC two-day weighted average trading price of $18.00 (which is representative of recent trading prices of EMC stock), a maximum of approximately 13.6 million shares of our Class A class common stock underlying options or in the form of restricted stock awards granted would be issued pursuant to the exchange offer, if all eligible employees tendered all of their EMC options and EMC restricted stock. We estimate that the unamortized fair value of the exchanged awards will be approximately $103.6 million, which will be recognized over their vesting periods.

To assist potential investors in understanding the potential impact of the exchange offer on earnings per share, we note that supplemental pro forma basic and supplemental pro forma diluted earnings per share amounts would have been $0.22 and $0.22 for the year ended December 31, 2006 and $0.11 and $0.11 for the three months ended March 31, 2007, respectively, assuming the following:

- Supplemental pro forma basic and diluted earnings per share data assumes actual pre-tax income is reduced by $415,000 and $4,083,000 for the three months ended March 31, 2007 and the year ended December 31, 2006, respectively, and net income is reduced by $259,000 and $2,252,000 for the three months ended March 31, 2007 and the year ended December 31, 2006, respectively, to reflect the estimated impact of the respective period's amortization of the incremental stock compensation expense resulting from the exchange offer.
- Supplemental pro forma basic weighted average shares data assumes the issuance and sale of the full 37,950,000 shares of our Class A common stock (assuming the over-allotment option is exercised in full) had occurred January 1, 2006. Supplemental pro forma basic weighted average shares also assumes the issuance and sale of 9,500,000 shares of our Class A common stock to Intel (described below under "Recent Developments") had occurred January 1, 2006. (This differs from the basic pro forma per share data presented under "Summary Consolidated Financial Data," "Selected Consolidated Financial Data" and the consolidated financial statements. That presentation includes only the incremental number of shares necessary to be sold to fund the amount of the April 2007 dividend to EMC in excess of the most recent twelve month's earnings.)

- Supplemental pro forma diluted earnings per share amounts assume (1) the issuance and sale of the Class A common stock (pursuant to this offering and to the Intel investment) on the terms described above and (2) the consummation of the exchange offer assuming 100% of all the options and shares are exchanged, assuming an initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover of this prospectus) and assuming EMC's two-day weighted average trading price prior to the consummation of the initial public offering of Class A common stock is $18.00 per share (which is representative of recent trading prices of EMC stock). If zero equity instruments were assumed to be exchanged, diluted income per share for these periods would be the same as the basic earnings per share.

This compares to reported basic and diluted earnings per share of $0.26 and $0.26 for the year ended December 31, 2006 and $0.12 and $0.12 for the three months ended March 31, 2007, respectively.

Recent Developments

VMware and Intel Corporation, or Intel, have had an ongoing strategic relationship. VMware's base virtualization platform virtualizes Intel architecture. Intel Capital Corporation, or Intel Capital, global investment arm of Intel, has agreed to invest $218.5 million in our Class A common stock at $23.00 per share, subject to the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and the satisfaction of other customary closing conditions. Upon the closing of the investment, Intel Capital will own 9.5 million shares, or approximately 12.7%, of our outstanding Class A common stock to be outstanding after this offering and approximately 2.5% of our total outstanding common stock which will then be outstanding, which shares will represent less than 1% of the combined voting power of our outstanding common stock. Pursuant to Intel Capital's proposed investment, at the later of the closing of the investment, and the earlier of the completion of this offering and September 30, 2007, our board of directors will appoint a new board member, an Intel executive to be designated by Intel and acceptable to our board. We have also entered into an investor rights agreement with Intel pursuant to which Intel will have certain registration and other rights as a holder of our Class A common stock. See "Description of Capital Stock." In addition, we and Intel have entered into a routine and customary collaboration partnering agreement that expresses the parties' intent to continue to expand their cooperative efforts around joint development, marketing and industry initiatives. Intel's investment is intended to foster strengthened intercompany collaboration towards accelerating VMware virtualization product adoption on Intel architecture and reinforcing the value of virtualization technology for customers.

This investment will not cause any change to VMware's continued operation under our rules of engagement with respect to open industry partnerships and confidentiality principles that we publish to our technology partners.

Corporate Facts

We were incorporated in Delaware in 1998 and have operated, in large part, as an independent entity since our inception. Since our acquisition by EMC in January 2004, we have been a wholly owned subsidiary of EMC. Our headquarters are located at 3401 Hillview Avenue, Palo Alto, California 94304 and our phone number is (650) 427-5000. Our website is www.vmware.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus.

VMware is our registered trademark. The VMware logo is our trademark. This prospectus also includes tradenames, trademarks and service marks of other companies and organizations. Throughout this prospectus, references to "desktops" refer to various common types of personal computers, including desktops, laptops, and notebooks among others, and references to "business client PCs" refer to desktops used by business users.

THE OFFERING

Class A common stock offered by us	33,000,000 shares
Class A common stock to be outstanding after this offering	75,000,000 shares, including 9,500,000 shares to be issued to Intel, subject to the closing of the Intel investment, and 32,500,000 shares currently held by EMC (1)
Class B common stock to be outstanding after this offering	300,000,000 shares, all of which are held by EMC (1)
Total common stock to be outstanding after this offering	375,000,000 shares
Voting rights	Following this offering, we will have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, conversion, the election of directors, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus. The holders of Class B common stock are entitled to 10 votes per share, and the holders of Class A common stock are entitled to one vote per share. The holders of Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of the directors on our board of directors which we would have if there were no vacancies on our board of directors at the time. Subject to any rights of any series of preferred stock to elect directors, the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, are entitled to elect the remaining directors on our board of directors, which at no time will be less than one director. Each share of Class B common stock is convertible into one share of Class A common stock at any time. See “Description of Capital Stock.”
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $741.4 million ($853.7 million if the underwriters exercise in full their over-allotment option), based on the assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus). We intend to use these net proceeds to repay approximately $350.0 million of intercompany indebtedness owed to EMC incurred to fund a dividend to EMC, to purchase from EMC our new headquarter facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127.0 million as of June 30, 2007, and for working capital and other general corporate purposes, including to finance our growth, develop new products, fund capital expenditures and potential acquisitions. See “Use of Proceeds.”
Listing	Our Class A common stock has been authorized for listing on the New York Stock Exchange.
Proposed symbol	“VMW”

(1) EMC’s ownership of our Class A and Class B common stock will represent approximately 89% of our total outstanding shares of common stock and 99% of the combined voting power of our outstanding common stock following this offering.

Unless otherwise stated, the number of shares of Class A and Class B common stock outstanding immediately after this offering is based upon the offering of 33,000,000 shares of Class A common stock pursuant to this offering, 9,500,000 shares of Class A common stock to be acquired by Intel (as described above under "Recent Developments"), 32,500,000 shares of Class A common stock and 300,000,000 shares of Class B common stock held by EMC and excludes 80,000,000 shares of Class A common stock reserved for issuance under our 2007 Equity and Incentive Plan, including:

- 35,799,411 shares of Class A common stock issuable upon the exercise of stock option awards granted in June and July 2007 with an exercise price of $23.00 per share and 452,676 shares of our Class A common stock deliverable upon the vesting of restricted stock units; and
- shares of Class A common stock issuable either upon the exercise of stock option awards or restricted stock awards that will be granted pursuant to the terms of the exchange offer.

Assuming that:

- all employees eligible to take part in the exchange offer tender their existing EMC options and restricted stock awards in exchange for options to purchase our Class A common stock and restricted stock awards of our Class A common stock, respectively;
- EMC's weighted average stock price, as calculated pursuant to the terms of the exchange offer, is equal to EMC's closing price of $18.00 (which is representative of recent trading prices of EMC stock); and
- the initial public offering price for shares of our Class A common stock is $24.00 (the midpoint of the range set forth on the cover page of this prospectus),

then 9.2 million shares of Class A common stock with a weighted average strike price of $15.72 will be issuable upon the exercise of stock options granted pursuant to the exchange offer and 4.4 million shares of Class A common stock will be subject to restricted stock awards granted pursuant to the exchange offer.

If EMC's weighted average stock price as calculated pursuant to the terms of the exchange offer is $1.00 greater and the other assumptions set forth above remain the same, then 0.5 million more shares of Class A common stock will be issuable upon the exercise of stock options granted in the exchange offer and 0.2 million more shares of Class A common stock will be subject to restricted stock awards granted in the exchange offer. If EMC's weighted average stock price as calculated pursuant to the terms of the exchange offer is $1.00 less and the other assumptions set forth above remain the same, then 0.5 million fewer shares of Class A common stock will be issuable upon the exercise of stock options granted in the exchange offer and 0.2 million fewer shares of Class A common stock will be subject to restricted stock awards granted in the exchange offer.

If the initial public offering price for shares of our Class A common stock is $1.00 greater and the other assumptions set forth above remain the same, then 0.4 million fewer shares of Class A common stock will be issuable upon the exercise of stock options granted in the exchange offer and 0.2 million fewer shares of Class A common stock will be subject to restricted stock awards granted in the exchange offer. If the initial public offering price for shares of our Class A common stock is $1.00 less and the other assumptions set forth above remain the same, then 0.4 million more shares of Class A common stock will be issuable upon the exercise of stock options granted in the exchange offer and 0.2 million more shares of Class A common stock will be subject to restricted stock awards granted in the exchange offer.

Unless otherwise stated, all information in this prospectus assumes the underwriters do not exercise their over-allotment option.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated historical financial information. You should read this information together with the consolidated financial statements and related notes and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The data for the years ended December 31, 2006 and 2005 and the period from January 9, 2004 to December 31, 2004 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The data for the three months ended March 31, 2007 and 2006 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial statements on the same basis as the audited consolidated financial statements and, in the opinion of management, the statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial information set forth in these statements. On January 8, 2004, all of our capital stock was purchased by EMC. The acquisition was accounted for as a purchase; accordingly, our assets and liabilities were adjusted to their fair market values. Prior to the acquisition by EMC, our fiscal year ended on January 31. In connection with the acquisition, our fiscal year end was changed to December 31 to conform to EMC's year end. The data for the fiscal year ended January 31, 2003 was derived from the audited consolidated financial statements of our predecessor, which are not included in this prospectus. The data for the period from February 1, 2003 to January 8, 2004 was derived from the unaudited consolidated financial statements of our predecessor, which are not included in this prospectus. As a result of our acquisition by EMC and the resulting change in basis, the results of operations and financial position of our predecessor are not comparable with our results of operations and financial position following our acquisition by EMC.

Our consolidated financial statements include allocations of certain corporate functions provided to us by EMC, including general corporate expenses. These allocations were made based on estimates of effort or resources incurred on our behalf and which are considered reasonable by management. Additionally, certain other costs incurred by EMC for our direct benefit, such as rent, salaries and benefits have been included in our financial statements.

The financial statements included in this prospectus may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during all periods presented. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

	Successor Company					Predecessor Company	
	Three Months Ended March 31,		Years Ended December 31,		Period from January 9, 2004 to December 31, 2004	Period from February 1, 2003 to January 8, 2004	Year Ended January 31, 2003
	2007	2006	2006 [1]	2005			
	(in thousands, except per share amounts)					(in thousands)	
Summary of Operations:							
Revenues:							
License [2]	$169,557	$ 90,300	$491,902	$287,006	$ 178,873	$ 61,980	$ 31,216
Services [2]	89,138	38,777	212,002	100,068	39,883	12,220	—
Total revenues	258,695	129,077	703,904	387,074	218,756	74,200	31,216
Costs of revenues:							
Cost of license revenues [2] [3]	20,556	12,405	59,202	40,340	32,811	3,449	5,596
Cost of services revenues [2] [3]	23,468	9,599	64,180	24,852	12,625	4,770	—
	44,024	22,004	123,382	65,192	45,436	8,219	5,596
Gross profit	214,671	107,073	580,522	321,882	173,320	65,981	25,620
Operating expenses:							
Research and development [3]	54,958	22,335	148,254	72,561	43,900	25,382	15,788
Sales and marketing [3]	86,707	42,566	238,327	124,964	59,976	23,028	12,457
General and administrative [3]	26,624	11,847	69,602	30,762	19,037	11,539	4,168
In-process research and development	—	—	3,700	—	15,200	—	—
Operating income (loss)	46,382	30,325	120,639	93,595	35,207	6,032	(6,793)
Investment income	2,977	340	3,271	3,077	53	463	554
Other income (expense), net	59	(348)	(1,363)	(1,332)	(110)	(27)	—
Income (loss) before taxes	49,418	30,317	122,547	95,340	35,150	6,468	(6,239)
Income tax provision [4]	8,338	9,981	36,832	28,565	18,369	1,848	145
Income (loss) before cumulative effect of change in accounting principle	41,080	20,336	85,715	66,775	16,781	4,620	(6,384)
Cumulative effect of a change in accounting principle (net of tax)	—	175	175	—	—	—	—
Net income (loss)	$ 41,080	$ 20,511	$ 85,890	$ 66,775	$ 16,781	$ 4,620	$ (6,384)
Net income per weighted average share, basic and diluted for Class A and Class B	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05	N/A	N/A
Weighted average shares, basic and diluted for Class A and Class B	332,500	332,500	332,500	332,500	332,500	N/A	N/A
Pro forma basic and diluted earnings per share for Class A and Class B [5]	$ 0.11		$ 0.24				
Pro forma weighted average shares, basic and diluted for Class A and Class B	363,366		363,366				

	As of March 31, 2007		
	Actual	Pro Forma [6]	Pro Forma As Adjusted [7]
	(in thousands)		
Balance Sheet Data:			
Cash and cash equivalents	$ 258,468	$ 476,968	$ 741,408
Working capital	3,448	221,948	486,388
Total assets	1,244,317	1,462,817	1,854,257
Total debt	800,000	800,000	450,000
Redeemable common stock	—	218,500	—
Total stockholders' equity (deficit) [8]	(183,493)	(183,493)	776,447

(1) In June 2006, we acquired all of the outstanding shares of Akimbi Systems, Inc. See Note B to the consolidated financial statements included elsewhere in this prospectus.

(2) The Company did not separate its revenues or cost of revenues between license and services for the year ended January 31, 2003. For purposes of this presentation, the total revenues and total cost of revenues for such period have been presented as license revenues and cost of license revenues, respectively.

(3) Includes stock-based compensation, acquisition-related intangible amortization and capitalized software development costs amortization, and excludes capitalized software development costs, as indicated in the table below.

	Successor Company					Predecessor Company	
	Three Months Ended March 31,		Year Ended December 31,		Period from January 9, 2004 to December 31, 2004	Period from February 1, 2003 to January 8, 2004	Year Ended January 31, 2003
	2007	2006	2006	2005			
Cost of license revenues							
Stock-based compensation	$ 36	$ 14	$ 99	$ —	$ —	$ —	$ —
Acquisition-related intangible amortization	5,215	5,387	21,840	23,357	25,487	—	—
Capitalized software development costs amortization	7,987	2,769	22,299	6,159	1,317	—	—
Cost of services revenues						—	—
Stock-based compensation	494	395	2,384	1,299	1,061	—	—
Research and development							
Stock-based compensation not capitalized	6,392	2,225	26,342	14,656	10,292	—	—
Total capitalized software development costs	(7,599)	(17,671)	(43,012)	(25,103)	(8,155)	—	—
Stock-based compensation included in total capitalized software development costs above	927	5,329	10,489	3,545	—	—	—
Sales and marketing							
Stock-based compensation	2,944	1,840	12,020	5,341	4,672	—	—
Acquisition-related intangible amortization	577	544	2,188	1,785	—	—	—
General and administrative							
Stock-based compensation	1,778	1,995	10,381	5,775	3,518	—	—
Acquisition-related intangible amortization	493	374	1,494	1,000	773	—	—

(4) The income tax effect of stock-based compensation, acquisition-related intangible amortization, capitalized software development costs and amortization of capitalized software development costs was $5,144, $(167), $18,042, $9,567, $9,083, $— and $— for the three months ended March 31, 2007 and 2006, the years ended

December 31, 2006 and 2005, the period from January 9, 2004 to December 31, 2004, the period from February 1, 2003 to January 8, 2004 and 2003, respectively.

(5) Unaudited pro forma per share data gives effect, in the weighted average shares used in the calculation, to the additional 30.9 million shares, which, when multiplied by the assumed offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), and after giving effect to a pro rata allocation of offering costs, would have been required to be issued to generate proceeds sufficient to pay the portion of the $800,000 dividend declared in April 2007 (see Note M to the consolidated financial statements included elsewhere in this prospectus) that exceeded the most recent twelve months' net earnings.

(6) The pro forma balance sheet data gives effect to the issuance and sale of 9,500,000 shares of our Class A common stock to Intel Capital for proceeds of $218,500. Pursuant to the terms of the investor rights agreement with Intel, in the event we do not complete an underwritten public offering with an aggregate price to the public of at least $250,000 on or before December 31, 2007, Intel may require us to repurchase the Class A common stock that it holds. The pro forma balance sheet data gives effect to the investment as redeemable common stock due to this repurchase feature.

(7) The pro forma as adjusted balance sheet data gives effect to (i) the issuance and sale of 9,500,000 shares of our Class A common stock to Intel Capital for proceeds of $218,500, (ii) the reclassification of the capital proceeds of $218,500 from the Intel sale from redeemable common stock to permanent equity since the redemption feature described above lapses upon completion of this offering, (iii) the issuance and sale of 33,000,000 shares of our Class A common stock in this offering at an assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), (iv) the repayment of $350,000 of principal amount of the $800,000 intercompany note we incurred to fund a dividend to EMC, (v) the purchase from EMC of our new headquarters facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127,000 as of June 30, 2007, and (vi) the deduction of estimated underwriting discounts and offering expenses payable by us.

(8) The stockholders' equity (deficit) as of March 31, 2007, gives retroactive effect to the $800,000 dividend paid to EMC in the form of a note in April 2007. See Note M to the financial statements.

RISK FACTORS

You should carefully consider the risks described below before making a decision to buy our Class A common stock. If any of the following risks actually occur, our business, financial condition and results of operations could be harmed. In that case, the trading price of our Class A common stock could decline and you might lose all or part of your investment in our Class A common stock. You should also refer to the other information set forth in this prospectus, including "Forward-Looking Statements" and our consolidated financial statements and the related notes.

Risks Related to Our Business

The virtualization products and services we sell are based on an emerging technology and therefore the potential market for our products remains uncertain.

The virtualization products and services we develop and sell are based on an emerging technology platform and our success depends on organizations and customers perceiving technological and operational benefits and cost savings associated with adopting virtualization solutions. Our relatively limited operating history and the relatively limited extent to which virtualization solutions have been currently adopted may make it difficult to evaluate our business because the potential market for our products remains uncertain. To the extent that the virtualization market develops more slowly or less comprehensively than we expect, our revenue growth rates may slow materially or our revenue may decline substantially.

We expect to face increasing competition that could result in a loss of customers, reduced revenues or decreased profit margins.

The market for our products is competitive and we expect competition to significantly intensify in the future. For example, Microsoft currently provides products that compete with some of our entry-level offerings and has announced its intention to provide products that will compete with some of our enterprise-class products in the future. We also face competition from other companies, including several recent market entrants. Existing and future competitors may introduce products in the same markets we serve or intend to serve, and competing products may have better performance, lower prices, better functionality and broader acceptance than our products. Many of our current or potential competitors also have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than we do. This competition could result in increased pricing pressure and sales and marketing expenses, thereby materially reducing our profit margins, and could harm our ability to increase, or cause us to lose, market share. Increased competition also may prevent us from entering into or renewing service contracts on terms similar to those that we currently offer.

Some of our competitors and potential competitors supply a wide variety of products to, and have well-established relationships with, our current and prospective end users. Some of these competitors have in the past and may in the future take advantage of their existing relationships to engage in business practices that make our products less attractive to our end users. For example, Microsoft has recently implemented distribution arrangements with x86 system vendors and independent software vendors, or ISVs, related to certain of their operating systems that only permit the use of Microsoft's virtualization format and do not allow the use of our corresponding format. Microsoft has also recently implemented pricing policies that require customers to pay additional license fees based on certain uses of virtualization technology. These distribution and licensing restrictions, as well as other business practices that may be adopted in the future by our competitors, could materially impact our prospects regardless of the merits of our products. In addition, competitors with existing relationships with our current or prospective end users could in the future integrate competitive capabilities into their existing products and make them available without additional charge.

We also face potential competition from our partners. For example, third parties currently selling our products could build and market their own competing products and services or market competing products and services of third parties. If we are unable to compete effectively, our growth and our ability to sell products at profitable margins could be materially and adversely affected.

Industry alliances or consolidation may result in increased competition.

Some of our competitors have made acquisitions or entered into partnerships or other strategic relationships with one another to offer a more comprehensive virtualization solution than they individually had offered. We expect these trends to continue as companies attempt to strengthen or maintain their market positions in the evolving virtualization infrastructure industry. Many of the companies driving this trend have significantly greater financial, technical and other resources than we do and may be better positioned to acquire and offer complementary products and technologies. The companies resulting from these possible combinations may create more compelling product offerings and be able to offer greater pricing flexibility than we can or may engage in business practices that make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology or product functionality. These pressures could result in a substantial loss of customers or a reduction in our revenues.

Our operating results may fluctuate significantly, which makes our future results difficult to predict and may result in our operating results falling below expectations or our guidance, which could cause the price of our Class A common stock to decline.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. In addition, a significant portion of our quarterly sales typically occurs during the last month of the quarter, which we believe generally reflects customer buying patterns for enterprise technology. As a result, our quarterly operating results are difficult to predict even in the near term. If our revenue or operating results fall below the expectations of investors or securities analysts or below any guidance we may provide to the market, the price of our common stock would likely decline substantially.

In addition, factors that may affect our operating results include, among others:

- fluctuations in demand, adoption, sales cycles and pricing levels for our products and services;
- changes in customers' budgets for information technology purchases and in the timing of their purchasing decisions;
- the timing of recognizing revenue in any given quarter as a result of software revenue recognition policies;
- the sale of our products in the timeframes we anticipate, including the number and size of orders in each quarter;
- our ability to develop, introduce and ship in a timely manner new products and product enhancements that meet customer demand, certification requirements and technical requirements;
- the timing of the announcement or release of products or upgrades by us or by our competitors;
- our ability to implement scalable internal systems for reporting, order processing, license fulfillment, product delivery, purchasing, billing and general accounting, among other functions;
- our ability to control costs, including our operating expenses;
- our ability to attract and retain highly skilled employees, particularly those with relevant experience in software development and sales; and
- general economic conditions in our domestic and international markets.

If operating system and hardware vendors do not cooperate with us or we are unable to obtain early access to their new products, or access to certain information about their new products to ensure that our solutions interoperate with those products, our product development efforts may be delayed or foreclosed.

Our products interoperate with Windows, Linux and other operating systems and the hardware devices of numerous manufacturers. Developing products that interoperate properly requires substantial partnering, capital investment and employee resources, as well as the cooperation of the vendors or developers of the operating

systems and hardware. Operating system and hardware vendors may not provide us with early access to their technology and products, assist us in these development efforts or share with or sell to us any APIs, formats, or protocols we may need. If they do not provide us with the necessary early access, assistance or proprietary technology on a timely basis, we may experience product development delays or be unable to expand our products into other areas. To the extent that software or hardware vendors develop products that compete with ours or those of EMC, they may have an incentive to withhold their cooperation, decline to share access or sell to us their proprietary APIs, protocols or formats or engage in practices to actively limit the functionality, or compatibility, and certification of our products. In addition, hardware or operating system vendors may fail to certify or support or continue to certify or support, our products for their systems. If any of the foregoing occurs, our product development efforts may be delayed or foreclosed and our business and results of operations may be adversely affected.

We rely on distributors, resellers, x86 system vendors and systems integrators to sell our products, and our failure to effectively develop, manage or prevent disruptions to our distribution channels and the processes and procedures that support them could cause a reduction in the number of end users of our products.

Our future success is highly dependent upon maintaining and increasing the number of our relationships with distributors, resellers, x86 system vendors and systems integrators. By relying on distributors, resellers, x86 system vendors and systems integrators, we may have little or no contact with the ultimate users of our products, thereby making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our products, service ongoing customer requirements, estimate end user demand and respond to evolving customer needs.

Recruiting and retaining qualified channel partners and training them in the use of our technology and product offerings requires significant time and resources. In order to develop and expand our distribution channel, we must continue to expand and improve our processes and procedures that support our channel, including our investment in systems and training, and those processes and procedures may become increasingly complex and difficult to manage. We generally do not have long-term contracts or minimum purchase commitments with our distributors, resellers, x86 system vendors and systems integrators, and our contracts with these channel partners do not prohibit them from offering products or services that compete with ours. Our competitors may be effective in providing incentives to existing and potential channel partners to favor products of our competitors or to prevent or reduce sales of our products. Our channel partners and x86 system vendors may choose not to offer our products exclusively or at all. Our failure to maintain and increase the number of relationships with channel partners would likely lead to a loss of end users of our products which would result in us receiving lower revenues from our channel partners. One of the Company's distribution agreements is with Ingram Micro, which accounted for 29% of our revenues in 2006. The agreement with Ingram Micro under which the Company receives the substantial majority of its Ingram Micro revenues is terminable by either party upon 90 days' prior written notice to the other party, and neither party has any obligation to purchase or sell any products under the agreement. The terms of this agreement between Ingram Micro and us are substantially similar to the terms of the agreements we have with other distributors, except for certain differences in shipment and payment terms, indemnification obligations and product return rights. While we believe that we have in place, or would have in place by the date of any such termination, agreements with other distributors sufficient to maintain our revenues from distribution, if we were to lose Ingram Micro's distribution services, such loss could have a negative impact on our results of operations until such time as we arrange to replace these distribution services with the services of existing or new distributors. We believe that we could replace the revenues earned from Ingram Micro's distribution services in a relatively short period after a loss of these services and that the negative impact on our results of operations due to such a loss would be short-term.

The concentration of our product sales among a limited number of distributors increases our potential credit risk and could cause significant fluctuations or declines in our product revenues.

As of December 31, 2006, approximately 28% and 11%, and as of December 31, 2005, approximately 30% and 11%, of our total accounts receivable outstanding were from two distributors. We anticipate that sales of our

products to a limited number of distributors will continue to account for a significant portion of our total product revenues for the foreseeable future. The concentration of product sales among certain distributors increases our potential credit risks. One or more of these distributors could delay payments or default on credit extended to them. Any significant delay or default in the collection of significant accounts receivable could result in an increased need for us to obtain working capital from other sources, possibly on worse terms than we could have negotiated if we had established such working capital resources prior to such delays or defaults. Any significant default could result in a negative impact on our results of operations.

We are dependent on our existing management and our key development personnel, and the loss of key personnel may prevent us from implementing our business plan in a timely manner.

Our success depends largely upon the continued services of our existing management. We are also substantially dependent on the continued service of our key development personnel for product innovation. We generally do not have employment or non-compete agreements with our existing management or development personnel and, therefore, they could terminate their employment with us at any time without penalty and could pursue employment opportunities with any of our competitors. The loss of key employees could seriously harm our ability to release new products on a timely basis and could significantly help our competitors.

Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers with high levels of experience in designing and developing software and senior sales executives. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the stock options, restricted stock grants or other equity-based compensation they are to receive in connection with their employment. A decline in the value of our stock after this offering could adversely affect our ability to attract or retain key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights.

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. As such, despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement is uncertain, particularly in countries outside of the United States. Further, with respect to patent rights, we do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims. Even if patents are issued from our patent applications, which is not certain, they may be contested, circumvented or invalidated in the future. Moreover, the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to our own now or in the future. In addition, we rely on contractual and license agreements with third parties in connection with their use of our products and technology. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights, in part because we rely on “click-wrap” and “shrink-wrap” licenses in some instances.

Detecting and protecting against the unauthorized use of our products, technology and proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend

our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management resources, either of which could harm our business, operating results and financial condition, and there is no guarantee that we would be successful. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to protecting their technology or intellectual property rights than do we. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property, which could result in a substantial loss of our market share.

We provide access to our hypervisor and other selected source code to partners, which creates additional risk that our competitors could develop products that are similar or better than ours.

Our success and ability to compete depend substantially upon our internally developed technology, which is incorporated in the source code for our products. We seek to protect the source code, design code, documentation and other written materials for our software, under trade secret and copyright laws. However, we have chosen to provide access to our hypervisor and other selected source code to more than 35 of our partners for co-development, as well as for open APIs, formats and protocols. Though we generally control access to our source code and other intellectual property, and enter into confidentiality or license agreements with such partners, as well as with our employees and consultants, our safeguards may be insufficient to protect our rights to our technology. Our protective measures may be inadequate, especially because we may not be able to prevent our partners, employees or consultants from violating any agreements or licenses we may have in place or abusing their access granted to our source code. Improper disclosure or use of our source code could help competitors develop products similar to or better than ours.

Claims by others that we infringe their proprietary technology could force us to pay damages or prevent us from using certain technology in our products.

Third parties could claim that our products or technology infringe their proprietary rights. This risk may increase as the number of products and competitors in our market increases and overlaps occur. In addition, to the extent that we gain greater visibility and market exposure as a public company, we face a higher risk of being the subject of intellectual property infringement claims. Any claim of infringement by a third party, even one without merit, could cause us to incur substantial costs defending against the claim, and could distract our management from our business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from offering our products. In addition, we might be required to seek a license for the use of such intellectual property, which may not be available on commercially reasonable terms or at all. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and may ultimately not be successful. Any of these events could seriously harm our business, operating results and financial condition. Third parties may also assert infringement claims against our customers and channel partners. Any of these claims could require us to initiate or defend potentially protracted and costly litigation on their behalf, regardless of the merits of these claims, because we generally indemnify our customers and channel partners from claims of infringement of proprietary rights of third parties in connection with the use of our products. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or channel partners, which could materially reduce our income.

Our use of "open source" software could negatively affect our ability to sell our products and subject us to possible litigation.

A significant portion of the products or technologies acquired, licensed or developed by us may incorporate so-called "open source" software, and we may incorporate open source software into other products in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, "Apache-style" licenses, "Berkeley Software Distribution," "BSD-style" licenses and other open source licenses. We monitor our use of open source software in an effort to avoid subjecting our products to conditions we do not

intend. Although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use such that we have not triggered any such conditions, there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is somewhat unknown and may result in unanticipated obligations regarding our products and technologies. For example, we may be subjected to certain conditions, including requirements that we offer our products that use the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and/or that we license such modifications or derivative works under the terms of the particular open source license.

If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations. If our defenses were not successful, we could be subject to significant damages, enjoined from the distribution of our products that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our products. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses we could be required to release the source code of our proprietary software, which could substantially help our competitors develop products that are similar to or better than ours.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales are difficult to predict and may vary substantially from quarter to quarter, which may cause our operating results to fluctuate significantly.

The timing of our revenue is difficult to predict. Our sales efforts involve educating our customers about the use and benefit of our products, including their technical capabilities and potential cost savings to an organization. Customers typically undertake a significant evaluation process that has in the past resulted in a lengthy sales cycle, which typically lasts several months, and may last a year or longer. We spend substantial time, effort and money on our sales efforts without any assurance that our efforts will produce any sales. In addition, product purchases are frequently subject to budget constraints, multiple approvals, and unplanned administrative, processing and other delays. If sales expected from a specific customer for a particular quarter are not realized in that quarter or at all, our results could fall short of public expectations and our business, operating results and financial condition could be materially adversely affected.

Our current research and development efforts may not produce significant revenues for several years, if at all.

Developing our products is expensive. Our investment in research and development may not result in marketable products or may result in products that take longer to generate revenues, or generate less revenues, than we anticipate. Our research and development expenses were $148.3 million, or 21.1% of our total revenues in 2006, and $72.6 million, or 18.7% of our total revenues in 2005. Our future plans include significant investments in software research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we may not receive significant revenues from these investments for several years, if at all.

We may not be able to respond to rapid technological changes with new solutions and services offerings, which could have a material adverse effect on our sales and profitability.

The markets for our software solutions are characterized by rapid technological changes, changing customer needs, frequent new software product introductions and evolving industry standards. The introduction of third- party solutions embodying new technologies and the emergence of new industry standards could make our existing and future software solutions obsolete and unmarketable. We may not be able to develop updated

products that keep pace with technological developments and emerging industry standards and that address the increasingly sophisticated needs of our customers or that interoperate with new or updated operating systems and hardware devices or certify our products to work with these systems and devices, and there is no assurance that any of our new offerings would be accepted in the marketplace. Significant reductions in server-related costs or the rise of more efficient infrastructure management software could also affect demand for our software solutions. As a result, we may not be able to accurately predict the lifecycle of our software solutions, and they may become obsolete before we receive the amount of revenues that we anticipate from them. If any of the foregoing events were to occur, our ability to retain or increase market share in the virtualization software market could be materially adversely affected.

Our ability to sell our products is dependent on the quality of our support and services offerings, and our failure to offer high-quality support and services could have a material adverse effect on our sales and results of operations.

Once our products are integrated within our customers' hardware and software systems, our customers may depend on our support organization to resolve any issues relating to our products. A high level of support is critical for the successful marketing and sale of our products. If we or our channel partners do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues, and provide effective ongoing support, our ability to sell our products to existing customers would be adversely affected, and our reputation with potential customers could be harmed. In addition, as we expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. As a result, our failure to maintain high-quality support and services, or to adequately assist our channel partners in providing high-quality support and services, could result in customers choosing to use our competitors' products instead of ours in the future.

Adverse economic conditions or reduced information technology spending may adversely impact our revenues.

Our business depends on the overall demand for information technology and on the economic health of our current and prospective customers. The purchase of our products is often discretionary and may involve a significant commitment of capital and other resources. Weak economic conditions, or a reduction in information technology spending even if economic conditions improve, would likely adversely impact our business, operating results and financial condition in a number of ways, including by lengthening sales cycles, lowering prices for our products and services and reducing unit sales.

We may engage in future acquisitions that could disrupt our business, cause dilution to our stockholders and harm our business, operating results and financial condition.

In the future we may seek to acquire other businesses, products or technologies. However, we may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, or may be viewed negatively by customers, financial markets or investors. Acquisitions may disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and adversely impact our business, operating results and financial condition. Future acquisitions may reduce our cash available for operations and other uses and could result in an increase in amortization expense related to identifiable assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt. We have limited historical experience with the integration of acquired companies. There can be no assurance that we will be able to manage the integration of acquired businesses effectively or be able to retain and motivate key personnel from these businesses. Any difficulties we encounter in the integration process could divert management from day-to-day responsibilities, increase our expenses and have a material adverse effect on our business, financial condition and results of operations.

Operating in foreign countries subjects us to additional risks that may harm our ability to increase or maintain our international sales and operations.

In 2006, we derived approximately 44% of our revenue from customers outside the United States. We have sales and technical support personnel in numerous countries worldwide. We expect to continue to add personnel in additional countries. Our international operations subject us to a variety of risks, including:

- the difficulty of managing and staffing international offices and the increased travel, infrastructure and legal compliance costs associated with multiple international locations;
- difficulties in enforcing contracts and collecting accounts receivable, and longer payment cycles, especially in emerging markets;
- difficulties in delivering support, training and documentation in certain foreign markets;
- tariffs and trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets;
- increased exposure to foreign currency exchange rate risk;
- reduced protection for intellectual property rights, including reduced protection from software piracy in some countries; and
- difficulties in maintaining appropriate controls relating to revenue recognition practices.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Our failure to manage any of these risks successfully could harm our international operations and reduce our international sales.

Our products are highly technical and may contain errors, which could cause harm to our reputation and adversely affect our business.

Our products are highly technical and complex and, when deployed, have contained and may contain errors, defects or security vulnerabilities. Some errors in our products may only be discovered after a product has been installed and used by customers. Any errors, defects or security vulnerabilities discovered in our products after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty cost, any of which could adversely affect our business, operating results and financial condition. In addition, we could face claims for product liability, tort or breach of warranty, including claims relating to changes to our products made by our channel partners. Our contracts with customers contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention and adversely affect the market's perception of us and our products. In addition, if our business liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business, operating results and financial condition could be adversely impacted.

Our independent registered public accounting firm identified a material weakness in the design and operation of our internal controls as of December 31, 2006, which, if not remedied, could result in material misstatements in our financial statements in future periods.

Our independent registered public accounting firm reported to our board of directors a material weakness in the design and operation of our internal controls as of December 31, 2006 related to the capitalization of software development costs. A material weakness is defined by the standards issued by the Public Company Accounting Oversight Board as a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The material weakness resulted from a lack of adequate internal controls to ensure the timely identification and accumulation of costs once a project reaches technological

feasibility under applicable accounting standards. The consolidated financial statements included in this prospectus reflect adjustments to properly state our capitalized software development costs for the periods included therein. Our independent registered public accounting firm was not engaged to audit the effectiveness of our internal control over financial reporting as of December 31, 2006. If such an evaluation had been performed, additional material weaknesses may have been identified.

Under Section 404 of the Sarbanes-Oxley Act of 2002 and the current rules of the Securities and Exchange Commission, or SEC, our management and auditors will be required to evaluate and report on the effectiveness of our internal control over financial reporting as of December 31, 2008. We believe we have a plan in place to remediate the material weakness by implementing additional formal policies, procedures and processes, hiring additional accounting personnel and increasing management review and oversight over the financial statement close process. We believe we had adequate controls in place at June 30, 2007 to remediate the material weakness and that there have not been and will not be any material costs associated with such remediation. If our remediation is insufficient to address the material weakness, or if additional material weaknesses in our internal controls are discovered in the future, we may fail to meet our future reporting obligations, our financial statements may contain material misstatements and the price of our common stock may decline.

If we fail to implement an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.

We are preparing for compliance with Section 404 by addressing the existing material weakness in our internal controls and by strengthening, assessing and testing our system of internal controls. In particular, we believe we will need to increase the number of our accounting personnel and improve our processes and systems to ensure timely and accurate reporting of our financial results in accordance with reporting obligations as a stand-alone public company following this offering. However, the continuous process of strengthening our internal controls and complying with Section 404 is expensive and time-consuming, and requires significant management attention. We cannot be certain that these measures will ensure that we will remediate the existing material weakness or implement adequate control over our financial processes and reporting. In addition, we have identified certain processes that need to be automated in order to ensure that we have effective internal control over financial reporting. If we are not able to automate these processes in a timely fashion, we will not be able to ensure compliance. Furthermore, if we rapidly grow our business, our internal controls will become more complex and we will require significantly more resources to ensure our internal controls overall remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover additional material weaknesses, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, future non-compliance with Section 404 could subject us to a variety of administrative sanctions, including the suspension or delisting of our common stock from the exchange on which we decide to list and the inability of registered broker-dealers to make a market in our common stock, which could further reduce our stock price.

If we fail to manage future growth effectively, we may not be able to meet our customers' needs or be able to meet our future reporting obligations.

We have expanded our operations significantly since inception and anticipate that further significant expansion will be required. This future growth, if it occurs, will place significant demands on our management, infrastructure and other resources. To manage any future growth, we will need to hire, integrate and retain highly skilled and motivated employees. We will also need to continue to improve our financial and management controls, reporting and operational systems and procedures. If we do not effectively manage our growth we may not be able to meet our customers' needs, thereby adversely affecting our sales, or be able to meet our future reporting obligations.

Our business is subject to the risks of earthquakes, fire, floods and other natural catastrophic events, and to interruption by man-made problems, such as computer viruses or terrorism, which could result in delays or cancellations of customer orders or the deployment of our products.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or a flood, could have a material adverse impact on our business, operating results and financial condition. In addition, our servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. In addition, acts of terrorism or war could cause disruptions in our or our customers' business or the economy as a whole. To the extent that such disruptions result in delays or cancellations of customer orders, or the deployment of our products, our revenues would be adversely affected.

Changes to financial accounting standards may affect our reported financial results and cause us to change our business practices.

We prepare our financial statements to conform with generally accepted accounting principles, or GAAP, in the United States. These accounting principles are subject to interpretation by the SEC and various other bodies. A change in those policies can have a significant effect on our reported results and may affect our reporting of transactions completed before a change is announced. Changes to those rules or the interpretation of our current practices may adversely affect our reported financial results or the way we conduct our business.

Risks Related to Our Relationship with EMC

As long as EMC controls us, your ability to influence matters requiring stockholder approval will be limited.

After this offering, EMC will own 32,500,000 shares of Class A common stock and all 300,000,000 shares of Class B common stock, representing approximately 89% of the total outstanding shares of common stock or 99% of the voting power of outstanding common stock. The holders of our Class A common stock and our Class B common stock have identical rights, preferences and privileges except with respect to voting and conversion rights, the election of directors, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus. Holders of our Class B common stock will be entitled to 10 votes per share of Class B common stock, and the holders of our Class A common stock will be entitled to one vote per share of Class A common stock. The holders of Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of directors on our board of directors which we would have if there were no vacancies on our board of directors at the time. Subject to any rights of any series of preferred stock to elect directors, the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, are entitled to elect our remaining directors, which at no time will be less than one director. If EMC transfers shares of our Class B common stock to any party other than a successor-in-interest or a subsidiary of EMC (other than in a distribution to its stockholders under Section 355 of the Internal Revenue Code of 1986, as amended, or the Code, or in transfers following such a distribution), those shares would automatically convert into Class A common stock. For so long as EMC or its successor-in-interest beneficially owns shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of outstanding voting stock, EMC will be able to elect all of the members of our board of directors.

In addition, until such time as EMC or its successor-in-interest beneficially owns shares of our common stock representing less than a majority of the votes entitled to be cast by the holders of outstanding voting stock, EMC will have the ability to take stockholder action without the vote of any other stockholder and without having to call a stockholder meeting, and investors in this offering will not be able to affect the outcome of any stockholder vote during this period. As a result, EMC will have the ability to control all matters affecting us, including:

- the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies;
- any determinations with respect to mergers, acquisitions and other business combinations;

- our acquisition or disposition of assets;
- our financing activities;
- certain changes to our certificate of incorporation;
- changes to the agreements providing for our transition to becoming a public company;
- corporate opportunities that may be suitable for us and EMC;
- determinations with respect to enforcement of rights we may have against third parties, including with respect to intellectual property rights;
- the payment of dividends on our common stock; and
- the number of shares available for issuance under our stock plans for our prospective and existing employees.

Our certificate of incorporation and the master transaction agreement also contain provisions that require that as long as EMC beneficially owns at least 20% or more of the outstanding shares of our common stock, the prior affirmative vote or written consent of EMC (or its successor-in-interest) as the holder of the Class B common stock is required (subject in each case to certain exceptions) in order to authorize us to:

- consolidate or merge with any other entity;
- acquire the stock or assets of another entity in excess of $100 million;
- issue any stock or securities except to our subsidiaries or pursuant to this offering or our employee benefit plans;
- dissolve, liquidate or wind us up;
- declare dividends on our stock;
- enter into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's; and
- amend, terminate or adopt any provision inconsistent with certain provisions of our certificate of incorporation or bylaws.

If EMC does not provide any requisite consent allowing us to conduct such activities when requested, we will not be able to conduct such activities and, as a result, our business and our operating results may be harmed.

EMC's voting control and its additional rights described above may discourage transactions involving a change of control of us, including transactions in which you as a holder of our Class A common stock might otherwise receive a premium for your shares over the then-current market price. EMC is not prohibited from selling a controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your shares of Class A common stock. Accordingly, your shares of Class A common stock may be worth less than they would be if EMC did not maintain voting control over us or have the additional rights described above.

In the event EMC is acquired or otherwise undergoes a change of control, any acquiror or successor will be entitled to exercise the voting control and contractual rights of EMC, and may do so in a manner that could vary significantly from that of EMC.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our certificate of incorporation and the master transaction agreement with respect to the limitations that are described above.

Our business and that of EMC overlap, and EMC may compete with us, which could reduce our market share.

EMC and we are both IT infrastructure companies providing products related to storage management, back-up, disaster recovery, security, system management and automation, provisioning and resource management. There can be no assurance that EMC will not engage in increased competition with us in the future. In addition, the intellectual property agreement that we will enter into with EMC will provide EMC the ability to use our source code and intellectual property, which, subject to limitations, it may use to produce certain products that compete with ours. EMC's rights in this regard extend to its majority owned subsidiaries, which could include joint ventures where EMC holds a majority position and one or more of our competitors hold minority positions.

EMC could assert control over us in a manner which could impede our growth or our ability to enter new markets or otherwise adversely affect our business. Further, EMC could utilize its control over us to cause us to take or refrain from taking certain actions, including entering into relationships with channel, technology and other marketing partners, enforcing our intellectual property rights or pursuing corporate opportunities or product development initiatives that could adversely affect our competitive position, including our competitive position relative to that of EMC in markets where we compete with them. In addition, EMC maintains significant partnerships with certain of our competitors, including Microsoft.

EMC's competition in certain markets may affect our ability to build and maintain partnerships.

Our existing and potential partner relationships may be affected by our relationship with EMC. We partner with a number of companies that compete with EMC in certain markets in which EMC participates. EMC's majority ownership in us might affect our ability to effectively partner with these companies. These companies may favor our competitors because of our relationship with EMC.

EMC competes with certain of our significant channel, technology and other marketing partners, including IBM and Hewlett-Packard. Pursuant to our certificate of incorporation and other agreements that we will have with EMC, EMC may have the ability to impact our relationship with our partners that compete with EMC, which could have a material adverse effect on our results of operations or our ability to pursue opportunities which may otherwise be available to us.

Our historical financial information as a business segment of EMC may not be representative of our results as an independent public company.

The historical financial information we have included in this prospectus does not necessarily reflect what our financial position, results of operations or cash flows would have been had we been an independent entity during the historical periods presented. The historical costs and expenses reflected in our consolidated financial statements include an allocation for certain corporate functions historically provided by EMC, including tax, accounting, treasury, legal and human resources services. The historical financial information is not necessarily indicative of what our results of operations, financial position, cash flows or costs and expenses will be in the future. We have not made pro forma adjustments to reflect many significant changes that will occur in our cost structure, funding and operations as a result of our transition to becoming a public company, including changes in our employee base, potential increased costs associated with reduced economies of scale and increased costs associated with being a publicly traded, stand-alone company. For additional information, see "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements and notes thereto.

Our ability to operate our business effectively may suffer if we are unable to cost-effectively establish our own administrative and other support functions in order to operate as a stand-alone company after the expiration of our transitional services agreements with EMC.

As a subsidiary of EMC, we have relied on administrative and other resources of EMC to operate our business. In connection with this offering, we will enter into various service agreements to retain the ability for

specified periods to use these EMC resources. See "Certain Relationships and Related Person Transactions." These services may not be provided at the same level as when we were a wholly owned subsidiary of EMC, and we may not be able to obtain the same benefits that we received prior to this offering. These services may not be sufficient to meet our needs, and after our agreements with EMC expire, we may not be able to replace these services at all or obtain these services at prices and on terms as favorable as we currently have with EMC. We will need to create our own administrative and other support systems or contract with third parties to replace EMC's systems. In addition, we have received informal support from EMC which may not be addressed in the agreements we will enter into with EMC; the level of this informal support may diminish as we become a more independent company. Any failure or significant downtime in our own administrative systems or in EMC's administrative systems during the transitional period could result in unexpected costs, impact our results and/or prevent us from paying our suppliers or employees and performing other administrative services on a timely basis. See "Certain Relationships and Related Person Transactions—Relationship with EMC Corporation" for a description of these services.

After this offering, we will be a smaller company relative to EMC, which could result in increased costs because of a decrease in our purchasing power and difficulty maintaining existing customer relationships and obtaining new customers.

Prior to this offering, we were able to take advantage of EMC's size and purchasing power in procuring goods, technology and services, including insurance, employee benefit support and audit and other professional services. We are a smaller company than EMC, and we cannot assure you that we will have access to financial and other resources comparable to those available to us prior to the offering. As a stand-alone company, we may be unable to obtain office space, goods, technology and services at prices or on terms as favorable as those available to us prior to this offering, which could increase our costs and reduce our profitability. Our future success depends on our ability to maintain our current relationships with existing customers, and we may have difficulty attracting new customers.

In order to preserve the ability for EMC to distribute its shares of our Class B common stock on a tax-free basis, we may be prevented from pursuing opportunities to raise capital, to effectuate acquisitions or to provide equity incentives to our employees, which could hurt our ability to grow.

Beneficial ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for EMC to effect a tax-free spin-off of VMware or certain other tax-free transactions. We have agreed that for so long as EMC or its successor-in-interest continues to own greater than 50% of the voting control of our outstanding common stock, we will not knowingly take or fail to take any action that could reasonably be expected to preclude EMC's or its successor-in-interest's ability to undertake a tax-free spin-off. Additionally, under our certificate of incorporation and the master transaction agreement, we must obtain the consent of EMC or its successor-in-interest as the holder of our Class B common stock to issue stock or other VMware securities excluding pursuant to employee benefit plans, which could cause us to forgo capital raising or acquisition opportunities that would otherwise be available to us. See "Certain Relationships and Related Person Transactions—Relationship with EMC Corporation." As a result, we may be precluded from pursuing certain growth initiatives.

Third parties may seek to hold us responsible for liabilities of EMC, which could result in a decrease in our income.

Third parties may seek to hold us responsible for EMC's liabilities. Under our master transaction agreement with EMC, EMC will indemnify us for claims and losses relating to liabilities related to EMC's business and not related to our business. However, if those liabilities are significant and we are ultimately held liable for them, we cannot assure you that we will be able to recover the full amount of our losses from EMC.

Although we intend to enter into a new tax sharing agreement with EMC under which our tax liabilities effectively will be determined as if we were not part of any consolidated, combined or unitary tax group of EMC Corporation and/or its subsidiaries, we nonetheless could be held liable for the tax liabilities of other members of these groups.

We have historically been included in EMC's consolidated group for U.S. federal income tax purposes, as well as in certain consolidated, combined or unitary groups that include EMC Corporation and/or certain of its subsidiaries for state and local income tax purposes. We intend to enter into a new tax sharing agreement with EMC that will become effective upon consummation of this offering. Pursuant to the new tax sharing agreement, we and EMC generally will make payments to each other such that, with respect to tax returns for any taxable period in which we or any of our subsidiaries are included in EMC's consolidated group for U.S. federal income tax purposes or any other consolidated, combined or unitary group of EMC Corporation and/or its subsidiaries, the amount of taxes to be paid by us will be determined, subject to certain adjustments, as if we and each of our subsidiaries included in such consolidated, combined or unitary group filed our own consolidated, combined or unitary tax return.

We have been included in the EMC consolidated group for U.S. federal income tax purposes for periods in which EMC owned at least 80% of the total voting power and value of our outstanding stock and expect to be included in such consolidated group following this offering. Each member of a consolidated group during any part of a consolidated return year is jointly and severally liable for tax on the consolidated return of such year and for any subsequently determined deficiency thereon. Similarly, in some jurisdictions, each member of a consolidated, combined or unitary group for state, local or foreign income tax purposes is jointly and severally liable for the state, local or foreign income tax liability of each other member of the consolidated, combined or unitary group. Accordingly, for any period in which we are included in the EMC consolidated group for U.S. federal income tax purposes or any other consolidated, combined or unitary group of EMC Corporation and/or its subsidiaries, we could be liable in the event that any income tax liability was incurred, but not discharged, by any other member of any such group.

Our inability to resolve favorably any disputes that arise between us and EMC with respect to our past and ongoing relationships may result in a significant reduction of our revenue.

Disputes may arise between EMC and us in a number of areas relating to our ongoing relationships, including:

- labor, tax, employee benefit, indemnification and other matters arising from our separation from EMC;
- employee retention and recruiting;
- business combinations involving us;
- our ability to engage in activities with certain channel, technology or other marketing partners;
- sales or dispositions by EMC of all or any portion of its ownership interest in us;
- the nature, quality and pricing of services EMC has agreed to provide us;
- business opportunities that may be attractive to both EMC and us; and
- product or technology development or marketing activities which may require the consent of EMC.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

The agreements we will enter into with EMC may be amended upon agreement between the parties. While we are controlled by EMC, we may not have the leverage to negotiate amendments to these agreements if required on terms as favorable to us as those we would negotiate with an unaffiliated third party.

Some of our directors and executive officers own EMC common stock, restricted shares of EMC common stock or options to acquire EMC common stock and hold management positions with EMC, which could cause conflicts of interests that result in our not acting on opportunities we otherwise may have.

Some of our directors and executive officers own EMC common stock and options to purchase EMC common stock. In addition, some of our directors are executive officers and/or directors of EMC. Ownership of EMC common stock, restricted shares of EMC common stock and options to purchase EMC common stock by our directors and officers after this offering and the presence of executive officers or directors of EMC on our board of directors could create, or appear to create, conflicts of interest with respect to matters involving both us and EMC that could have different implications for EMC than they do for us. Provisions of our certificate of incorporation and the master transaction agreement address corporate opportunities that are presented to our directors or officers that are also directors or officers of EMC. We cannot assure you that the provisions in our certificate of incorporation will adequately address potential conflicts of interest or that potential conflicts of interest will be resolved in our favor or that we will be able to take advantage of corporate opportunities presented to individuals who are officers or directors of both us and EMC. As a result, we may be precluded from pursuing certain growth initiatives.

EMC's ability to control our board of directors may make it difficult for us to recruit high-quality independent directors.

So long as EMC beneficially owns shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of outstanding voting stock, EMC can effectively control and direct our board of directors. Further, the interests of EMC and our other stockholders may diverge. Under these circumstances, persons who might otherwise accept our invitation to join our board of directors may decline.

We will be a "controlled company" within the meaning of the New York Stock Exchange rules, and, as a result, will rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

After the completion of this offering, EMC will own more than 50% of the total voting power of our common shares and we will be a "controlled company" under the New York Stock Exchange corporate governance standards. As a controlled company, certain exemptions under the New York Stock Exchange standards free us from the obligation to comply with certain New York Stock Exchange corporate governance requirements, including the requirements:

- that a majority of our board of directors consists of independent directors;
- that we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- for an annual performance evaluation of the nominating and governance committee and compensation committee.

While we will voluntarily cause our Compensation and Corporate Governance Committee to initially be composed entirely of independent directors in compliance with the requirements of the New York Stock Exchange, we are not required to maintain the independent composition of the committee. As a result of our use of the "controlled company" exemptions, you will not have the same protection afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

Intel's ownership relationship with us and the membership of an Intel representative on our board may create actual or potential conflicts of interest.

Under a pending investment by Intel Capital, Intel will have an ownership relationship with us and a representative of Intel is expected to become a member of our board. This relationship may create actual or potential conflicts of interest and the best interest of Intel may not reflect your best interests. The terms of this relationship are discussed in the section entitled "Recent Developments" and "Certain Relationships and Related Person Transactions."

Risks Related to this Offering

Our stock price may be volatile, and you may not be able to resell shares of our Class A common stock at or above the price you paid.

Prior to this offering, our Class A common stock has not been traded in a public market. The estimated initial public offering price for the shares was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The trading price of our Class A common stock could be subject to wide fluctuations due to the factors discussed in this risk factors section and elsewhere in this prospectus. These broad market and industry factors may decrease the market price of our Class A common stock, regardless of our actual operating performance. The stock market in general and technology companies in particular also have experienced extreme price and volume fluctuations. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

No public market for our common stock currently exists and an active trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our common stock. An active trading market may not develop following the closing of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. In addition, an inactive market may impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration, which in turn could materially adversely affect our business.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We will have broad discretion in the use of a significant part of the net proceeds from this offering and may not use them effectively.

Our management currently intends to use the net proceeds from this offering in the manner described in "Use of Proceeds" and will have broad discretion in the application of a significant part of the net proceeds from this offering. The failure by our management to apply these funds effectively could affect our ability to continue to develop and market our products.

Substantial future sales of our Class A common stock in the public market could cause our stock price to fall.

Sales of substantial amounts of our Class A common stock in the public market after this offering, or the perception that these sales could occur, could cause the market price of our Class A common stock to decline and impede our ability to raise capital through the issuance of additional equity securities. Upon completion of this offering, we will have 75,000,000 shares of Class A common stock outstanding, and EMC will own 32,500,000 shares of our Class A common stock and 300,000,000 shares of our Class B common stock, representing approximately 89% of the outstanding shares of our common stock. All shares sold in this offering will be freely transferable, subject, in the case of affiliates, to applicable volume and other restrictions under Rule 144 under the Securities Act, and subject to the lock-up arrangements described in "Underwriting" and "Shares Eligible for Future Sale." Our Class B common stock may be converted into Class A common stock at any time. EMC has no contractual obligation to retain these shares, other than the lock-up arrangement. In addition, EMC has the right to cause us to register the sale of its shares of our common stock under the Securities Act. Registration of these shares under the Securities Act would result in these shares, other than shares purchased by our affiliates, becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration.

If EMC elects to convert its shares of Class B common stock into Class A common stock, an additional 300,000,000 shares of Class A common stock will be available for sale after the period of 180 days from date of this prospectus (subject to extension in certain circumstances), subject to volume and other restrictions as applicable under Rule 144 of the Securities Act.

Immediately after this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering the shares of Class A common stock issuable under outstanding options and the shares of Class A restricted stock which will be outstanding after this offering and 80,000,000 shares reserved for future issuance under our 2007 Equity and Incentive Plan. This registration statement will automatically become effective upon filing. Shares registered under this registration statement will be available for sale in the open market, subject to the lock-up arrangements described above, as well as any stock option vesting requirements and the lapsing of restrictions on restricted stock, although sales of shares held by our affiliates will be limited by Rule 144 volume limitations. Sales of substantial amounts of these securities could cause our stock price to fall.

Intel Capital's pending investment in our Class A common stock may not be consummated, and as a result, our stock price may be negatively impacted.

The closing of Intel Capital's purchase of 9.5 million shares of our Class A common stock is subject to expiration of the applicable waiting period under the HSR Act and the satisfaction of other customary closing conditions, including the absence of a material adverse change. We cannot assure you that the investment will close. This offering is not conditioned on the closing of the Intel Capital investment, and if the Intel Capital investment does not close, our stock price may be negatively impacted.

Purchasers in this offering will immediately experience substantial dilution in net tangible book value.

The initial public offering price of our Class A common stock is substantially higher than the net tangible book value per outstanding share of our common stock. Purchasers of our Class A common stock in this offering will incur immediate and substantial dilution of $23.52 per share in the net tangible book value of our common stock based on the assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus). This dilution is due in large part to the fact that EMC paid substantially less than the assumed initial public offering price when they purchased their shares of common stock. The exercise of options and the grant of restricted stock pursuant to the exchange offer may result in further dilution. In addition, we have issued options to acquire our Class A common stock at $23.00 per share. To the extent these outstanding options are ultimately exercised, there will be further dilution to investors in this offering. In addition, if the underwriters exercise their option to purchase additional shares from us or if we issue additional equity securities, investors in this offering will experience additional dilution.

The number of outstanding options to purchase our stock and the potential dilution to purchasers in this offering that may occur upon the exercise of such options will not be known until after the offering is priced.

Our eligible employees who have options to acquire shares of EMC stock or hold shares of EMC restricted stock will have the ability to exchange such options or restricted stock for options to acquire shares of our Class A common stock and our Class A restricted stock, respectively, pursuant to an exchange offer being conducted concurrently with this offering. The precise number of options or shares of our restricted stock to be issued pursuant to this exchange offer will not be known until the pricing of this offering. See "Summary—The Offering" for a description of the potential dilution that could occur as a result of the exchange offer.

The difference in the voting rights of our Class A and our Class B common stock may harm the value and liquidity of our Class A common stock.

The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus. The holders of Class B common stock shall be entitled to 10 votes per share, as well as certain consent and other rights associated with the Class B common stock, and the holders of our Class A common stock shall be entitled to one vote per share. The holders of Class B common stock will also be entitled to elect at least 80% of our board of directors, and, subject to any rights of any series or class of preferred stock to elect directors, the holders of Class A common stock and Class B common stock, voting together as a single class, will entitled to elect the remaining directors, which will never be less than one. The difference in the right to elect directors and the voting rights of our Class A and Class B common stock could harm the value of the Class A common stock to the extent that any current or future investor in our common stock ascribes value to the rights of the holders of our Class B common stock to elect at least 80% of our board of directors or to 10 votes per share. The existence of two classes of common stock could result in less liquidity for either class of common stock than if there were only one class of our common stock. See "Description of Capital Stock" for a description of our common stock and rights associated with it.

Delaware law and our certificate of incorporation and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our certificate of incorporation and bylaws will have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the division of our board of directors into three classes, with each class serving for a staggered three-year term, which would prevent stockholders from electing an entirely new board of directors at any annual meeting;
- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors;
- following a distribution of Class B common stock by EMC to its stockholders, the restriction that a beneficial owner of 10% or more of our Class B common stock may not vote in any election of directors unless such person or group also owns at least an equivalent percentage of Class A common stock or obtains approval of our board of directors prior to acquiring beneficial ownership of at least 5% of Class B common stock;
- the prohibition of cumulative voting in the election of directors or any other matters, which would otherwise allow less than a majority of stockholders to elect director candidates;
- the requirement for advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon at a stockholders' meeting;

- the ability of the board of directors to issue, without stockholder approval, up to 100,000,000 shares of preferred stock with terms set by the board of directors, which rights could be senior to those of common stock; and
- in the event that EMC or its successor-in-interest no longer owns shares of our common stock representing at least a majority of the votes entitled to be cast in the election of directors, stockholders may not act by written consent and may not call special meetings of the stockholders.

Until such time as EMC or its successor-in-interest ceases to beneficially own 20% or more of the outstanding shares of our common stock, the affirmative vote or written consent of the holders of a majority of the outstanding shares of the Class B common stock will be required to:

- amend certain provisions of our bylaws or certificate of incorporation;
- make certain acquisitions or dispositions;
- declare dividends, or undertake a recapitalization or liquidation;
- adopt any stockholder rights plan, “poison pill” or other similar arrangement;
- approve any transactions that would involve a merger, consolidation, restructuring, sale of substantially all of our assets or any of our subsidiaries or otherwise result in any person or entity obtaining control of us or any of our subsidiaries; or
- undertake certain other actions.

In addition, we have elected to apply the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our certificate of incorporation and bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price of our shares of common stock being lower than it would be without these provisions.

As a public company we will incur additional costs and face increased demands on our management.

As a public company, we will incur significant legal, accounting and other expenses that we did not directly incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as the rules subsequently implemented by the SEC and the New York Stock Exchange, have required changes in corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. For example, as a result of becoming a public company, we intend to add independent directors, create additional board committees and adopt certain policies regarding internal controls and disclosure controls and procedures. In addition, we will incur additional costs associated with our public company reporting requirements. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Furthermore, our management will have increased demands on its time in order to ensure we comply with public company reporting requirements and the compliance requirements of the Sarbanes-Oxley Act of 2002, as well as the rules subsequently implemented by the SEC and the applicable stock exchange requirements of the New York Stock Exchange.

After the completion of this offering, we do not expect to declare any dividends in the foreseeable future.

After the completion of this offering, we do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

FORWARD-LOOKING STATEMENTS

Some of the statements under “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this prospectus may contain forward-looking statements that reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words, such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of those words or other comparable words. Any forward-looking statements contained in this prospectus are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us, the underwriters or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include but are not limited to those described under “Risk Factors.” These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we may have anticipated. Any forward-looking statements you read in this prospectus reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, financial condition, growth strategy and liquidity. You should specifically consider the factors identified in this prospectus that could cause our actual results to differ before making an investment decision.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the Class A common stock that we are offering will be approximately $741.4 million, at an assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and offering expenses that we must pay. If the underwriters' over-allotment option in this offering is exercised in full, we estimate that our net proceeds will be approximately $853.7 million. A $1.00 increase (decrease) in the assumed initial public offering price of $24.00 per share would increase (decrease) the net proceeds to us from this offering by $31.2 million, assuming the underwriters do not exercise their over-allotment option and assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and offering expenses payable by us.

We currently intend to use the net proceeds:

- to repay $350.0 million of our intercompany indebtedness owed to EMC;
- to purchase from EMC our new headquarters facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127.0 million, which purchase will be effected through the transfer of the equity interests of the EMC entity which holds the rights to the facilities; and
- for working capital and other general corporate purposes, including to finance our growth, develop new products and fund capital expenditures and potential acquisitions.

The intercompany indebtedness was incurred in April 2007 to fund an $800 million dividend paid to EMC in the form of a note. The note matures in April 2012 and bears an interest rate of the 90-day LIBOR plus 55 basis points (5.91% as of June 30, 2007), with interest payable quarterly in arrears commencing June 30, 2007. The note may be repaid, without penalty, at any time commencing July 2007. The dividend was declared to allow EMC to realize the increased value of its investment in us from the time of our acquisition by EMC. The amount of the dividend and the terms of the note were determined by considering our then-existing cash position, our historic and future ability to generate cash flows from operations and the likelihood that we would be able to pay the note pursuant to its terms while still having sufficient cash to meet our operating needs. We currently do not anticipate declaring cash dividends in the future. We have chosen to use a portion of the proceeds from this offering to repay $350.0 million of our intercompany indebtedness owed to EMC because our expected cash position following the offering will allow us to pay down a portion of the note without incurring interest while still having sufficient cash to meet our anticipated operating needs. The purchase price of our headquarters facilities was determined as a means to compensate EMC for costs it expended on our behalf in the construction of the facilities.

We may pursue the acquisition of companies with complementary products and technologies that we believe will enhance our suite of offerings. In April 2007, we entered into an agreement to acquire all of the capital stock of a privately-held offshore software development company for aggregate cash consideration of less than $10 million. Other than this agreement, we do not have agreements or commitments for any specific acquisitions at this time. Pending the use of proceeds from this offering, we intend to invest the proceeds in a variety of capital preservation investments, generally government securities and cash.

DIVIDEND POLICY

We currently do not anticipate declaring any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to the consent of the holders of our Class B common stock pursuant to our certificate of incorporation. Holders of our Class A common stock and our Class B common stock will share equally on a per share basis in any dividend declared on our common stock by our board of directors. See “Description of Capital Stock—Common Stock—Dividend Rights.”

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2007:

- on an actual basis;
- on a pro forma basis to give effect to our pending issuance and sale of 9,500,000 shares of Class A common stock to Intel Capital for proceeds of $218.5 million. Pursuant to the terms of our investor rights agreement with Intel, in the event the Company does not complete an underwritten public offering on or before December 31, 2007 with an aggregate price to the public of at least $250.0 million, Intel may require the Company to repurchase the Class A common stock that it holds. The pro forma data gives effect to the adjustment as redeemable common stock due to this repurchase feature; and
- on a pro forma as adjusted basis to give effect to (i) our issuance and sale of 9,500,000 shares of our Class A common stock to Intel Capital for proceeds of $218.5 million, (ii) the reclassification of the capital proceeds of $218.5 million from the Intel sale from redeemable common stock to permanent equity since the redemption feature described above lapses upon completion of this offering, (iii) our issuance and sale of 33,000,000 shares of Class A common stock in this offering at a public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), (iv) the repayment of $350.0 million of principal amount on the $800.0 million note we incurred to fund a dividend to EMC, (v) the purchase from EMC of our new headquarter facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127.0 million as of June 30, 2007, and (vi) the deduction of estimated underwriting discounts and offering expenses payable by us. See “Use of Proceeds.”

This table contains unaudited information and should be read in conjunction with “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the accompanying notes that appear elsewhere in this prospectus.

	As of March 31, 2007		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
Cash	$258,468	$ 476,968	$ 741,408
Long-term debt:			
Total debt	$ 800,000	$ 800,000	$ 450,000
Redeemable common stock	—	218,500	—
Equity:			
Preferred Stock, par value $0.01 per share, 100,000,000 shares authorized, no shares outstanding actual, pro forma and pro forma as adjusted	—	—	—
Class A common stock, par value $0.01 per share, 2,500,000,000 shares authorized and 32,500,000 shares outstanding, actual and 2,500,000,000 shares authorized, 32,500,000 shares outstanding, pro forma and 2,500,000,000 shares authorized, 75,000,000 shares outstanding pro forma as adjusted	325	325	750
Class B common stock, par value $0.01 per share, 1,000,000,000 shares authorized and 300,000,000 shares outstanding, actual, pro forma and pro forma as adjusted	3,000	3,000	3,000
Additional paid-in-capital	6,239	6,239	965,754
Accumulated deficit	(193,057)	(193,057)	(193,057)
Total equity (deficit)	(183,493)	(183,493)	776,447
Total capitalization	$ 616,507	$ 835,007	$1,226,447

A $1.00 increase (decrease) in the assumed initial public offering price of $24.00 per share would increase (decrease) by $31.2 million, each of cash, additional paid-in capital, total equity and total capitalization, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and offering expenses payable by us.

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DILUTION

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the net tangible book value per share of our common stock immediately after the completion of this offering.

Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of common shares then outstanding. Our net tangible book value as of March 31, 2007 was approximately ($781.2) million for a net tangible book value per common share of ($2.35). After giving effect to the sale of 9.5 million shares of our Class A common stock to Intel for $23.00 per share, our pro forma net tangible book value would have been ($562.7) million, or ($1.65) per common share. After giving effect to our sale of shares of our Class A common stock in this offering at an assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), the repayment of $350.0 million of principal amount on the $800.0 million note we incurred to fund a dividend to EMC, the purchase from EMC of our new headquarter facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled $127.0 million as of June 30, 2007, and deducting estimated underwriting discounts and offering expenses, our pro forma net tangible book value would have been $178.7 million, or $0.48 per common share (assuming no exercise of the underwriters' over-allotment option). This represents an immediate increase in the net tangible book value of $2.13 per share and an immediate and substantial dilution of $23.52 per share to new investors purchasing shares of our Class A common stock in this offering. The following table illustrates this dilution per share:

Assumed midpoint of offering per share		$24.00
Net tangible book value per share as of March 31, 2007	($2.35)	
Increase in net tangible book value per share attributable to the Intel Investment	$0.70	
Pro forma net tangible book value per share before this offering	($1.65)	
Increase in net tangible book value per share attributable to this offering	$2.13	
Net tangible book value per share after giving effect to this offering		$ 0.48
Dilution per share to new investors		$23.52

A $1.00 increase (decrease) in the assumed initial public offering price of $24.00 per share would increase (decrease) the increase in net tangible book value attributable this offering by $0.08 per share, the pro forma net tangible book value after giving effect to this offering by $0.08 per share and the dilution to new investors in this offering by $0.92 per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and offering expenses payable by us.

The foregoing discussion and tables assume no exercise of any stock options or issuance of restricted shares that will be outstanding immediately following this offering. As of July 2, 2007, there were options outstanding to purchase 35,799,411 shares of our Class A common stock with an exercise price per share of $23.00 and 452,676 shares of our Class A common stock deliverable upon the vesting of restricted stock units. In addition, we expect to grant options to purchase shares of our Class A common stock and restricted shares of our Class A common stock pursuant to the exchange offer. The precise number of options or shares of restricted stock to be issued pursuant to the exchange offer will not be known until the pricing of this offering. To the extent that any of these options are exercised, there may be further dilution to investors in this offering. Based on the assumptions set forth in "The Offering," options for 9.2 million shares of Class A common stock will be issuable with a weighted average strike price of $15.72 and 4.4 million additional shares of VMware restricted stock would be issued pursuant to the Exchange Offer.

The following table sets forth, as of March 31, 2007, on the pro forma basis as described above, the difference between the number of shares of common stock purchased from us and the total consideration paid by our existing stockholder, EMC, by Intel in its pending investment of $218.5 million for 9.5 million shares of our Class A common stock and by the new investors in this offering at an assumed initial public offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus) and prior to deducting the estimated underwriting discounts and offering expenses.

	Shares Purchased (in millions)		Total Consideration		
	Number	Percentage	Amount ($ in millions)	Percentage	Avg. Price Per Share
EMC	332.50	88.7%	$ 613.1	37.8%	$ 1.84
Intel	9.50	2.5	218.5	13.5	23.00
New investors	33.00	8.8	792.0	48.8	24.00
Total	375.00	100.0%	$ 1,623.6	100.0%	

A $1.00 increase (decrease) in the assumed initial public offering price of $24.00 per share would increase (decrease) the total consideration paid by new investors by $33 million, or increase (decrease) the percent of total consideration paid by new investors by approximately 1%, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

If the underwriters' over-allotment option is exercised in full, the following will occur:

- the percentage of shares of our common stock held by EMC will decrease to approximately 87.5% of the total number of shares of our common stock outstanding; and
- the number of shares of our common stock held by new investors in this offering will be increased to approximately 38.0 million shares, or approximately 10% of the total number of shares of our common stock outstanding.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

The data for the years ended December 31, 2006 and 2005 and the period from January 9, 2004 to December 31, 2004 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The data for the three months ended March 31, 2007 and 2006 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial statements on the same basis as the audited consolidated financial statements and, in the opinion of management, the statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial information set forth in these statements. On January 8, 2004, all of our capital stock was purchased by EMC. The acquisition was accounted for as a purchase; accordingly, our assets and liabilities were adjusted to their fair market values. Prior to the acquisition by EMC, our fiscal year ended on January 31. In connection with the acquisition, our fiscal year end was changed to December 31 to conform to EMC's year end. The data for the fiscal year ended January 31, 2003 was derived from the audited consolidated financial statements of our predecessor, which are not included in this prospectus. The data for the period from February 1, 2003 to January 8, 2004 was derived from the unaudited consolidated financial statements of our predecessor, which are not included in this prospectus. As a result of our acquisition by EMC and the resulting change in basis, the results of operations and financial position of our predecessor are not comparable with our results of operations and financial position following our acquisition by EMC.

Our consolidated financial statements include allocations of certain corporate functions provided to us by EMC, including general corporate expenses. These allocations were made based on estimates of effort or resources incurred on our behalf and which are considered reasonable by management. Additionally, certain other costs incurred by EMC for our direct benefit, such as rent, salaries and benefits have been included in our financial statements.

The financial statements included in this prospectus may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during all periods presented. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

	Successor Company					Predecessor Company	
	Three Months Ended March 31,		Years Ended December 31,		Period from January 9, 2004 to December 31, 2004	Period from February 1, 2003 to January 8, 2004	Year Ended January 31, 2003
	2007	2006	2006 [1]	2005			
	(in thousands, except per share amounts)					(in thousands)	
Summary of Operations:							
Revenues:							
License [2]	$169,557	$ 90,300	$491,902	$287,006	$ 178,873	$ 61,980	$ 31,216
Services [2]	89,138	38,777	212,002	100,068	39,883	12,220	—
Total revenues	258,695	129,077	703,904	387,074	218,756	74,200	31,216
Costs of revenues:							
Cost of license revenues [2] [3]	20,556	12,405	59,202	40,340	32,811	3,449	5,596
Cost of services revenues [2] [3]	23,468	9,599	64,180	24,852	12,625	4,770	—
	44,024	22,004	123,382	65,192	45,436	8,219	5,596
Gross profit	214,671	107,073	580,522	321,882	173,320	65,981	25,620
Operating expenses:							
Research and development [3]	54,958	22,335	148,254	72,561	43,900	25,382	15,788
Sales and marketing [3]	86,707	42,566	238,327	124,964	59,976	23,028	12,457
General and administrative [3]	26,624	11,847	69,602	30,762	19,037	11,539	4,168
In-process research and development	—	—	3,700	—	15,200	—	—
Operating income (loss)	46,382	30,325	120,639	93,595	35,207	6,032	(6,793)
Investment income	2,977	340	3,271	3,077	53	463	554
Other income (expense), net	59	(348)	(1,363)	(1,332)	(110)	(27)	—
Income (loss) before taxes	49,418	30,317	122,547	95,340	35,150	6,468	(6,239)
Income tax provision [4]	8,338	9,981	36,832	28,565	18,369	1,848	145
Income (loss) before cumulative effect of a change in accounting principle	41,080	20,336	85,715	66,775	16,781	4,620	(6,384)
Cumulative effect of a change in accounting principle (net of tax)	—	175	175	—	—	—	—
Net income (loss)	$ 41,080	$ 20,511	$ 85,890	$ 66,775	$ 16,781	$ 4,620	$ (6,384)
Net income per weighted average share, basic and diluted for Class A and Class B	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05	N/A	N/A
Weighted average shares, basic and diluted for Class A and Class B	332,500	332,500	332,500	332,500	332,500	N/A	N/A
Pro forma basic and diluted earnings per share for Class A and Class B [5]	$ 0.11		$ 0.24				
Pro forma weighted average shares, basic and diluted for Class A and Class B	363,366		363,366				

	Successor Company				Predecessor Company	
	March 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	January 8, 2004	January 31, 2003
	(in thousands)				(in thousands)	
Balance Sheet Data:						
Cash and cash equivalents	$ 258,468	$ 176,134	$ 38,653	$ 36,059	$ 49,883	$ 13,686
Working capital (deficiency)	3,448	(55,318)	(134,198)	(29,166)	12,189	6,566
Total assets	1,244,317	1,145,950	799,803	697,675	82,015	39,559
Total stockholder's equity (deficit) [6]	(183,493)	(230,812)	453,829	560,282	(27,455)	(35,566)

(1) In 2006, VMware acquired all of the outstanding shares of Akimbi Systems, Inc. See Note B to the consolidated financial statements.

(2) The Company did not separate its revenues or cost of revenues between license and services for the year ended January 31, 2003. For purposes of this presentation, the total revenues and total cost of revenues for such period have been presented license revenues and cost of license revenues, respectively.

(3) Includes stock-based compensation, acquisition-related intangible amortization and capitalized software development costs amortization, and excludes capitalized software development costs, as indicated in the table below.

	Successor Company					Predecessor Company	
	Three Months Ended March 31,		Year Ended December 31,		Period from January 9, 2004 to December 31,	Period from February 1,	Year Ended
	2007	2006	2006	2005	2004	2003 to January 8, 2004	January 31, 2003
Cost of license revenues							
Stock-based compensation	$ 36	$ 14	$ 99	$ —	$ —	$ —	$ —
Acquisition-related intangible amortization	5,215	5,387	21,840	23,357	25,487	—	—
Capitalized software development costs amortization	7,987	2,769	22,299	6,159	1,317	—	—
Cost of services revenues						—	—
Stock-based compensation	494	395	2,384	1,299	1,061	—	—
Research and development							
Stock-based compensation not capitalized	6,392	2,225	26,342	14,656	10,292	—	—
Total capitalized software development costs	(7,599)	(17,671)	(43,012)	(25,103)	(8,155)	—	—
Stock-based compensation included in total capitalized software development costs above	927	5,329	10,489	3,545	—	—	—
Sales and marketing							
Stock-based compensation	2,944	1,840	12,020	5,341	4,672	—	—
Acquisition-related intangible amortization	577	544	2,188	1,785	—	—	—
General and administrative							
Stock-based compensation	1,778	1,995	10,381	5,775	3,518	—	—
Acquisition-related intangible amortization	493	374	1,494	1,000	773	—	—

(4) The income tax effect of stock-based compensation, acquisition-related intangible amortization, capitalized software development costs and amortization of capitalized software development costs was $5,144, $(167), $18,042, $9,567, $9,083, $— and $— for the three months ended March 31, 2007 and 2006, the years ended December 31, 2006 and 2005, the period from January 9, 2004 to December 31, 2004, the period from February 1, 2003 to January 8, 2004 and 2003, respectively.

(5) Unaudited pro forma per share data gives effect, in the weighted average shares used in the calculation, to the additional 30.9 million shares, which, when multiplied by the assumed offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), and after giving effect to a pro rata allocation of offering costs, would have been required to be issued to generate proceeds sufficient to pay the portion of the $800,000 dividend declared in April 2007 (see Note M to the consolidated financial statements included elsewhere in this prospectus) that exceeded the most recent twelve month's net earnings.

(6) The stockholders' equity (deficit) as of March 31, 2007, gives retroactive effect to the $800,000 dividend paid to EMC in the form of a note in April 2007. See Note M to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and notes thereto which appear elsewhere in this prospectus. The following discussion should be read in conjunction with section entitled "Forward-Looking Statements" and the risk factors set forth under "Risk Factors."

All dollar amounts (except per share amounts) in this MD&A are in millions.
Certain tables may not add due to rounding.

Overview

Our primary source of revenue is the licensing of virtualization software and related support and services through a variety of distribution channels for use by businesses and organizations of all sizes and across numerous industries in their information technology infrastructure. Our virtualization solutions run on industry-standard desktops and servers and support a wide range of operating system and application environments, as well as networking and storage infrastructure. We have developed a multi-channel distribution model to expand our presence and reach various segments of the market. We derived over 75% of our revenues from our channel partners which include distributors, resellers, x86 systems vendors and system integrators. We have also developed a network of over 4,000 indirect channel partners who fulfill orders through our direct channel partners. A majority of our revenue results from contracts that include both perpetual software licenses and ongoing software maintenance contracts. License revenue is recognized when the elements of revenue recognition are complete. Maintenance revenue is recognized ratably over the term of the maintenance period, and includes renewals of maintenance sold after the initial maintenance period expires. We also recognize revenue from professional services provided to our customers.

We have achieved significant revenue growth to date and are focused on extending our growth by broadening our product portfolio, enabling choice for customers and driving standards, expanding our network of technology and distribution partners, increasing market awareness and driving the adoption of virtualization. In addition to selling to new customers, we are also focused on expanding the use of our products within our existing customer base, as much of our license revenue is based on a per desktop or per server arrangement. We believe it is important that as we grow our sales, we continue to invest in our corporate infrastructure, including customer support, information technology and general and administrative functions. We expect our spending in research and development to increase as we add computer scientists, software engineers, and employees involved in product development and maintenance and continue to enable choice for customers and drive standards. We believe that equity incentives tied directly to the performance of VMware will help us compete for top-level engineering and other talent. We also intend to continue to invest in hardware, networking and software tools to increase the efficiency of our research and development efforts.

Our current financial focus is on sustaining our growth in revenue to generate cash flow to expand our market segment share and our virtualization solutions. Although we are currently the leading provider of virtualization solutions, we believe the use of virtualization solutions is at very early stages by customers. We expect to face competitive threats to our leadership from a number of companies, some of whom may have significantly greater resources than we do. As a result, we believe it is important to continue to invest in our research and product development, sales and marketing and the support function to maintain or expand our leadership in the virtualization solutions market. This investment could result in contracting operating margins as we invest in our future. We believe that we will be able to continue to fund our product development through operating cash flows as we continue to sell our existing products and services. We believe this is the right priority for the long-term health of our business.

In evaluating our results, we focus on operating margin and, to a lesser extent, gross margin. A significant portion of our service revenue is recognized in periods of up to five years subsequent to the initial contract, whereas most of our license revenue is recognized within the first quarter of contract signing. As a result,

variability in gross margin can result from differences in when we price our service and when the cost is incurred. Substantially all of our revenue is for contracts in U.S. dollars to international channel partners. A portion of our operating expenses classified as cost of sales is in currencies other than the U.S. dollar. This difference may cause variability in gross margins and operating margins due to fluctuations in the U.S. dollar compared to other currencies. As a result, we focus our attention on operating margin because it encompasses the entire cost structure supporting our operations. We are not currently focused on short-term operating margin expansion, but rather on investing at appropriate rates to support our growth and future product offerings in what may be a substantially more competitive environment.

As a wholly owned subsidiary of EMC, we have relied on it to provide a number of administrative support services and facilities in other countries. Although we will continue to operate under an administrative services agreement and continue to receive support from EMC, our administrative costs may increase. We also are investing in expanding our own administrative functions, including our finance and legal functions, which may be at a higher cost than the comparable services currently provided by EMC. We also will incur additional costs as a public company, including audit, investor relations, stock administration and regulatory compliance costs.

EMC's Acquisition of VMware

On January 9, 2004, EMC acquired all of our outstanding capital stock. The acquisition was accounted for as a purchase. Accordingly, all assets and liabilities were adjusted to their fair market value. For financial statement purposes, the allocation of the purchase price paid by EMC for us has been reflected in our stand-alone financial statements. This allocation includes the goodwill and related intangible assets recognized by EMC from the acquisition of us. See Note A to the consolidated financial statements included elsewhere in this prospectus. We are currently a wholly owned subsidiary of EMC. The results of operations discussed in this analysis for 2004 are for the period from the date of acquisition by EMC, January 9, 2004, to December 31, 2004.

The financial statements include expense allocations for certain corporate functions provided to us by EMC, including accounting, treasury, tax, legal and human resources. These allocations were based on estimates of the level of effort or resources incurred on our behalf and which are considered reasonable by management. The total costs allocated from EMC were $2.3 and $1.3 for the three months ended March 31, 2007 and 2006, respectively, and $5.1 in 2006, $5.3 in 2005 and $4.5 in 2004. Additionally, certain other costs incurred by EMC for our direct benefit, such as rent, salaries and benefits have been included as expenses in our financial statements. The total of these other costs were $20.2 and $10.5 for the three months ended March 31, 2007 and 2006, respectively, and $63.7 in 2006, $27.1 in 2005 and $7.3 in 2004. Additionally, as part of our tax sharing arrangement, we paid EMC income taxes of $63.1 and $6.6 in 2006 and 2005, respectively. We also earned interest income on our intercompany balance from EMC in the amount of $1.3, $0.8, and $2.6 for the three months ended March 31, 2007 and the years ended December 31, 2006 and 2005, respectively. For the three months ended March 31, 2006, we incurred interest expense on our intercompany balance to EMC in the amount of $0.1.

The financial statements included herein may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during all periods presented. Accordingly, our historical results should not be relied upon as an indicator of our future performance.

Equity-based Compensation

Since our acquisition by EMC, we have historically not issued equity-based compensation in VMware stock to our employees. Our employees received equity-based compensation in the form of EMC stock options and restricted shares. In connection with the initial public offering of our Class A common stock, we are conducting a voluntary exchange offer pursuant to which we are offering our eligible employees the ability to exchange their existing EMC options and restricted stock awards for options to purchase our Class A common stock and restricted stock awards of our Class A common stock, respectively, at an exchange ratio based upon EMC's two-day weighted average trading price prior to the consummation of this offering. As of June 30, 2007, the maximum number of shares of EMC stock underlying options which could be tendered for exchange was approximately 12.3 million. Additionally, as of June 30, 2007, there were approximately 5.8 million outstanding

shares of EMC restricted stock held by eligible employees which could be tendered for exchange. Assuming all the options and shares are exchanged, assuming the initial public offering price is $24.00 per share (the midpoint of the range set forth on the cover of this prospectus) and assuming EMC's two-day weighted average trading price prior to the consummation of the initial public offering of Class A common stock is $18.00 per share (which is representative of recent trading prices of EMC stock), there will be approximately 9.2 million options issued in the exchange with a weighted average exercise price of $15.72 for VMware stock and 4.4 million shares of VMware restricted stock. Assuming the exchange is consummated in the third quarter of 2007, we estimate that the unamortized fair value of the exchanged awards will be approximately $103.6, which will be recognized over their vesting periods, resulting in equity-based compensation expense of approximately $24.3, $46.8, $20.5, $9.7, $2.2 and $0.1 in 2007, 2008, 2009, 2010, 2011 and 2012, respectively. This will result in incremental equity-based compensation expense of approximately $7.7 over the remaining vesting periods. The ultimate amount of expense will be determined based upon the actual number of exchanged equity instruments, the actual IPO price and EMC's actual two-day weighted average trading price prior to the consummation of this offering. Additionally, the annual expense is subject to the amount of equity-based compensation that may be capitalized. In addition, through July 2, 2007, VMware has granted approximately 35.7 million options to purchase shares of its Class A common stock with a weighted average exercise price of $23.00 and approximately 453,000 restricted shares of Class A common stock. The fair value of these awards is approximately $260.5, which will be recognized over the awards' vesting periods, resulting in equity-based compensation expense of approximately $39.7, $69.0, $65.5, $60.7 and $25.6, in 2007, 2008, 2009, 2010 and 2011, respectively. The annual expense is subject to the amount of equity-based compensation that may be capitalized.

Income Statement Presentation

Sources of Revenue

License revenues . Our license revenues consist of revenues earned from the licensing of our software products. Our licenses are generally sold on a perpetual basis and are generally priced based upon the number of physical desktops or server processors on which our software runs. From inception through early 2004, we licensed certain of our products and provided updates at no additional cost. Because we had not established vendor-specific objective evidence, or VSOE, of the fair value of the updates, we recognized the entire contract value ratably over the contract period. Commencing in early 2004, we offered customers the right to buy updates on a stand-alone basis, thereby establishing VSOE of fair value of the updates. As a result, we recognized the license portion of the contract at the inception of the license agreement and recognized the value of the maintenance portion of the contract over the maintenance period.

Services revenues . Our services revenues consist of software maintenance and professional services. Maintenance revenues are recognized ratably over the contract period. Typically, our contract periods range from one to five years. Customers receive various types of product support based on the level of support purchased. Maintenance also affords customers the right to receive future product upgrades, if and when they become available.

Professional services include design, implementation and training. Professional services are not considered essential to the functionality of our products, as these services do not alter the product capabilities and may be performed by our customers or other vendors. Professional services engagements that have durations of ninety days or less are recognized in revenue upon completion of the engagement. Professional services engagements of more than ninety days for which we are able to make reasonably dependable estimates of progress toward completion are recognized on a proportional performance basis based upon the hours incurred. Revenue on all other engagements is recognized upon completion.

Costs of Revenue and Operating Expenses

Cost of license revenues. Our cost of license revenues principally consist of the cost of fulfillment of our software. This cost includes product packaging and personnel and related overhead associated with the physical and electronic delivery of our software products. The cost also includes amortization of capitalized software development costs.

Cost of services revenues. Our cost of services revenues includes the costs of the personnel and related overhead to deliver technical support on our products, as well as to provide our professional services.

Research and development expenses . Our research and development, or R&D, expenses include the personnel and related overhead associated with the development of new product offerings and the enhancement of our existing software offerings.

Sales and marketing costs . Our sales and marketing costs include the costs of the personnel and related overhead associated with the sale and marketing of our license and service offerings, as well as the cost of certain specific marketing initiatives, including our annual VMworld conference.

General and administrative expenses . Our general and administrative expenses include the personnel and related overhead costs of supporting the overall business. These costs include the costs associated with our finance, facilities, human resources, IT infrastructure and legal departments.

Results of Annual Operations

Our results of operations for the year ended December 31, 2006 and 2005 and the period from January 9, 2004 to December 31, 2004 are as follows:

	2006		2005		2004	
Revenues:						
License	$491.9	69.9%	$287.0	74.1%	$178.9	81.8%
Services	212.0	30.1	100.1	25.9	39.9	18.2
	703.9	100.0	387.1	100.0	218.8	100.0
Cost of revenues:						
Cost of license revenues	59.2	8.4	40.3	10.4	32.8	15.0
Cost of services revenues	64.2	9.1	24.9	6.4	12.6	5.8
	123.4	17.5	65.2	16.8	45.4	20.8
Gross profit	580.5	82.5	321.9	83.2	173.3	79.2
Operating expenses:						
Research and development	148.3	21.1	72.6	18.7	43.9	20.1
Sales and marketing	238.3	33.9	125.0	32.3	60.0	27.4
General and administrative	69.6	9.9	30.8	7.9	19.0	8.7
In-process research and development	3.7	0.5	—	—	15.2	6.9
Operating income	120.6	17.1	93.6	24.2	35.2	16.1
Investment income and other expenses, net	1.9	0.3	1.7	0.5	(0.1)	—
Income before income taxes	122.5	17.4	95.3	24.6	35.2	16.1
Provision for income taxes	36.8	5.2	28.6	7.4	18.4	8.4
Cumulative effect of a change in accounting principle	0.2	—	—	—	—	—
Net income	$ 85.9	12.2%	$ 66.8	17.3%	$ 16.8	7.7%

Note: Certain columns may not add due to rounding.

Revenues

Total revenues increased by $316.8, or 82%, in 2006 to $703.9. License revenues grew by $204.9 and services revenues grew by $111.9 year-over-year. In 2005, total revenues increased by $168.3, or 77%, to $387.1. The growth in 2005 reflected an increase of $108.1 in license revenue and an increase of $60.2 of

services revenue. We market and sell our products largely through a network of channel partners, which includes distributors, resellers, x86 system vendors and systems integrators. One distributor accounted for 29%, 30% and 27% of revenues in 2006, 2005 and 2004, respectively. International revenue as a percentage of total revenue has been relatively constant, representing 44% in 2006, 46% in 2005 and 45% in 2004. Our revenue contracts are denominated in U.S. dollars with international customers.

License Revenues. Software license revenues were $491.9 in 2006, $287.0 in 2005 and $178.9 in 2004, representing year-over-year increases of 71% in 2006 and 60% in 2005. We sell our products through a network of channel partners, which includes distributors, resellers, x86 system vendors and systems integrators. More than 70% of our orders for each of the three years presented occurred through our 15 largest direct channel partners, including one distributor which represented 29%, 30% and 27% of our revenue in 2006, 2005 and 2004, respectively. As we expand geographically, we may add additional direct channel partners; however, a significant majority of the increase in license revenues in 2005 and 2006 resulted from increased sales volumes through our existing direct channel partners. These increases were driven by several factors, including greater demand for our virtualization product offerings attributable to wider market acceptance of virtualization as part of an organization's IT infrastructure, a broadened product portfolio and expansion of our indirect channel partner network.

We have over 4,000 indirect channel partners as of December 31, 2006, an increase of over 1,500 from December 31, 2005. Over 1,000 new indirect channel partners were added during 2005. These indirect channel partners obtain software licenses and services from our distributors and x86 system vendors and market and sell them to end-user customers. In addition, we have a direct sales force that complements these efforts. Our sales force works with our channel partners to introduce them to customers and new sales opportunities. Our channel partners also introduce our sales force to their customers.

We also experienced an increase in the number of orders greater than $50,000 in 2006 and 2005, compared to the respective prior years. Orders from our distributors and end-user customers which were greater than $50,000 were approximately 30%, 23% and 18% of license revenue in 2006, 2005 and 2004 respectively. The increase in the number of orders greater than $50,000 resulted from broader acceptance of virtualization solutions for organizations' IT infrastructure and a trend toward end-user customers using our products broadly across their organizations.

Although many of the Company's products are available individually, they are generally sold in product bundles which encompass most of the Company's products. As we develop new products, they are typically sold as a new component to a bundle of products. Customers generally purchase the most recent bundle. Late in the second quarter of 2006, we introduced a new Enterprise product bundle which largely replaced the previous product bundle. We added three unique products to this bundle and increased the corresponding list price by 15%. This price increase was partially offset by decreasing prices on certain core platform products. In some cases, we began providing these products for free. The impact of pricing on revenue growth in 2006 compared to 2005 was less than 10% of the overall increase in revenue. The impact of pricing on revenue growth in 2005 compared to 2004 was not significant.

Partially offsetting the annual increases in license revenues was a reduction in the accretion of prior year license revenue recognized ratably over the license term. From inception through early 2004, we licensed certain of our products and provided updates at no additional cost. Because we had not established VSOE of the fair value of the updates, we recognized the entire contract value ratably over the contract period. Commencing in early 2004, we offered customers the right to buy updates on a stand-alone basis, thereby establishing VSOE of fair value of the updates. As a result, we recognized the license portion of the contract at the inception of the license agreement and recognized the value of the maintenance portion of the contract over the maintenance period. Revenue recognized ratably was $0.8, $9.9 and $27.5 in 2006, 2005 and 2004, respectively.

Services Revenues. Services revenues were $212.0 in 2006, $100.1 in 2005 and $39.9 in 2004, representing year-over-year increases of 112% in 2006 and 151% in 2005. Services revenues consist of software maintenance and professional services revenues. The increases in services revenues in 2006 and 2005 were

primarily attributable to growth in our software maintenance revenues of $88.1 and $49.1 in 2006 and 2005, respectively. This growth reflects the increases in our license revenues, as well as renewals to customer contracts. Service revenues include our professional services offerings, which increased by $23.8 and $11.1 in 2006 and 2005, respectively. Software maintenance revenues increased due to both renewal sales to our existing customers and sales of maintenance contracts to our new customers. Professional services revenues increased due to growing demand for design and implementation services and training programs, as end-user organizations deployed virtualization across their organizations.

Cost of Revenues and Gross Profit

Our cost of revenues were $123.4, $65.2 and $45.4 in 2006, 2005 and 2004, representing year-over-year increases of 89% in 2006 and 44% in 2005. Our gross profit was $580.5, $321.9 and $173.3 in 2006, 2005 and 2004, respectively, representing year-over-year increases of 80% in 2006 and 86% in 2005. The annual increases in our cost of sales were primarily attributable to increased direct support, professional services personnel and third-party professional services costs to support the increased services revenues. We also incurred increased costs to fulfill our license sales as the volume of our license sales increased. The aggregate total increase of these costs was $43.3 and $16.2 in 2006 and 2005, respectively. Additionally, the amortization of capitalized software development costs increased by $16.1 in 2006 and $4.8 in 2005. Fluctuations in foreign currency compared to the U.S. dollar did not have a significant effect on cost of revenues and gross profit in 2006 and 2005. Our gross margins, as a percentage of revenues, were 82.5% in 2006, 83.2% in 2005 and 79.2% in 2004. The reduction in our gross margin in 2006 compared to 2005 was primarily attributable to a change in the mix of our license and services revenues due to significant renewals of existing maintenance contracts and new customers purchasing maintenance contracts. License revenues, as a percentage of total revenues, decreased from 74.1% in 2005 to 69.9% in 2006. Services revenues have a lower gross margin than our license revenues. For the remainder of 2007, we expect that our services revenues will continue to increase as a percentage of our total revenues, thereby negatively impacting our gross margins. The increase in our gross margin in 2005 compared to 2004 was primarily attributable to acquisition-related intangible amortization expense decreasing from 11.7% of revenues in 2004 to 6.0% in 2005. Acquisition-related intangible amortization expense resulted primarily from EMC's acquisition of us, which has been reflected in our consolidated financial statements. Partially offsetting this improvement was a change in our sales mix in which license revenues, as a percentage of total revenues, decreased from 81.8% in 2004 to 74.1% in 2005. In future periods, our cost of revenues and gross profit will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering. See "Management's Discussion and Analysis—Equity-based Compensation."

Research and Development Expenses

Our R&D expenses were $148.3, $72.6 and $43.9 in 2006, 2005 and 2004, representing year-over-year increases of 104% in 2006 and 65% in 2005. The increase in R&D expenses in both 2006 and 2005 consisted primarily of increased salaries and benefits of $45.5 and $22.8 in 2006 and 2005, respectively, resulting from additional resources to support new product development. The cost of supplies expensed and the depreciation from equipment capitalized increased by $8.9 and $4.2 in 2006 and 2005, respectively. Equity-based compensation associated with higher levels of equity grants increased by $8.1 in 2006 and $7.9 in 2005. Partially offsetting these annual increases in R&D expense were higher levels of software capitalization, which increased by $17.9 in 2006 and $16.9 in 2005. As a percentage of revenues, R&D expenses were 21.1%, 18.7% and 20.1% in 2006, 2005 and 2004, respectively. The increase in R&D expenses, as a percentage of revenues, in 2006 compared to 2005 was primarily attributable to incremental headcount to support the growth of our business. The decrease in R&D expense, as a percentage of revenues, in 2005 compared to 2004 was primarily attributable to the increased level of software capitalization in 2005. In 2005, we reached technological feasibility on our current VMware Infrastructure server product. In future periods, our research and development expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average

trading price prior to the consummation of this offering. Additionally, the amount of equity-based compensation that may be capitalized will also affect the future expense. See “Management’s Discussion and Analysis—Equity-based Compensation.”

Sales and Marketing Expenses

Our sales and marketing expenses were $238.3, $125.0 and $60.0 in 2006, 2005 and 2004, representing year-over-year increases of 91% in 2006 and 108% in 2005. The increase in sales and marketing expenses was the result of higher salaries and benefits, resulting from additional headcount in both sales and marketing personnel, and higher commission expense resulting from increased sales volume. Salaries, benefits and commission expense increased by $51.3 and $30.1 in 2006 and 2005, respectively. In certain international countries, EMC hires employees who work on our behalf. The costs incurred by EMC on our behalf, which principally relates to employees dedicated to our marketing effort, increased by $20.8 and $17.3 in 2006 and 2005, respectively. An increase in our marketing programs and travel of $20.7 and $5.9 in 2006 and 2005, respectively, also contributed to the growth in sales and marketing expenses. Equity-based compensation, associated with higher levels of equity grants, increased sales and marketing expense by $6.7 in 2006 and $0.7 in 2005. As a percentage of revenues, sales and marketing expenses were 33.9%, 32.3% and 27.4% in 2006, 2005 and 2004, respectively. The annual increases in sales and marketing expenses, as a percentage of revenues, were primarily attributable to incremental salaries, benefits, commissions and equity-based compensation. In future periods, our sales and marketing expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC’s two-day weighted average trading price prior to the consummation of this offering. See “Management’s Discussion and Analysis—Equity-based Compensation.”

General and Administrative Expenses

Our general and administrative expenses were $69.6, $30.8 and $19.0 in 2006, 2005 and 2004, representing year-over-year increases of 126% in 2006 and 62% in 2005. Increases in general and administrative expenses in both 2006 and 2005 were due to additional salaries and benefits, primarily for new headcount, of $9.5 and $5.9 in 2006 and 2005, respectively, related increases in equity-based compensation of $4.6 and $2.3 in 2006 and 2005, respectively, and increased recruiting costs to obtain the additional employees of $1.7 and $0.6 in 2006 and 2005, respectively. The increase in headcount drove related incremental costs such as travel, equipment, facilities, and depreciation of $11.7 and $1.8 in 2006 and 2005, respectively. Other administrative costs, such as legal, audit and tax increased by $1.1 in 2006. Partially offsetting these cost increases was a reimbursement of $3.3 of legal fees received in 2005 incurred in previous years. As a percentage of revenues, general and administrative expenses were 9.9%, 7.9% and 8.7% in 2006, 2005 and 2004, respectively. The increase in general and administrative expenses, as a percentage of revenues, in 2006 compared to 2005, was primarily attributable to incremental headcount to support the growth of our business. In future periods, our general and administrative expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC’s two-day weighted average trading price prior to the consummation of this offering. See “Management’s Discussion and Analysis—Equity-based Compensation.”

In-Process Research and Development Expenses

IPR&D was $3.7, $0.0 and $15.2 in 2006, 2005 and 2004, respectively. The IPR&D charge in 2006 was attributable to our acquisition of Akimbi. The IPR&D charge in 2004 related to EMC’s acquisition of VMware.

Operating Income

Operating income was $120.6, $93.6 and $35.2 in 2006, 2005 and 2004, respectively, representing a year-over-year increase of 29% in 2006 and 166% in 2005. The increase in operating income in 2006 was

primarily the result of the increase in revenue, partially offset by the increases in operating expenses discussed in the individual expense line items above. As a percentage of revenue, operating income declined to 17.1% in 2006 from 24.2% in 2005. Most of the decrease in operating income as a percentage of revenue was a result of increased salaries and benefits as we expanded our research and development, sales and marketing and general and administrative spending to support our revenue growth and to expand future product offerings in what may be a substantially more competitive environment.

Operating income as a percentage of revenue in 2005 improved to 24.2% from 16.1% in 2004. Most of the increase was due to amortization of intangible assets remaining flat on a dollar basis year-over-year and a charge of $15.2 in 2004 related to IPR&D. Intangible asset amortization and IPR&D represented 19% of revenue in 2004 compared to 6.8% in 2005.

A portion of our costs of revenues, primarily the costs of personnel to deliver technical support on our products, and a portion of our operating expense primarily related to sales, sales support and research and development, are denominated in foreign currencies, primarily the British pound, the Euro, the Japanese yen, the Indian rupee, the Australian dollar and the Canadian dollar. These costs and the resulting effect on operating income are exposed to foreign exchange rate fluctuations. As a result of fluctuations in foreign currency values compared to the U.S. dollar, operating income decreased $2.8 in 2006. The effect in 2005 was not significant. In future periods operating income will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering. See "Management's Discussion and Analysis—Equity-based Compensation."

Investment Income

Investment income was $3.3, $3.1 and $0.1 in 2006, 2005 and 2004, respectively. Investment income consists primarily of interest earned on cash and cash equivalent balances and on amounts due to us from EMC on our intercompany balance. Investment income increased in 2005 compared to 2004 due to higher outstanding cash and cash equivalent balances and amounts owed to us by EMC on our intercompany balances.

Other Expense, Net

Other expense, net was $1.4, $1.3 and $0.1 in 2006, 2005 and 2004, respectively. The increase in other expense, net in 2005 compared to 2004 resulted primarily from increased interest expense on balances owed by us to EMC.

Provision for Income Taxes

Our effective income tax rate was 30.1%, 30.0% and 52.3% in 2006, 2005 and 2004, respectively. For 2006 and 2005, the effective tax rate varied from the statutory rate primarily as a result of the mix of income attributable to foreign versus domestic jurisdictions. Our aggregate income tax rate in foreign jurisdictions is lower than our income tax rate in the United States. Additionally, we generated tax credits that reduced our effective tax rate by 4.9 percentage points and 3.9 percentage points in 2006 and 2005, respectively. Partially offsetting this benefit in 2006 and 2005 were non-deductible permanent differences. In 2004, the effective tax rate varied substantially from the statutory rate primarily as a result of non-deductible permanent differences, primarily IPR&D charges in connection with our acquisition by EMC. Partially offsetting this expense was the benefit of our mix of income attributable to foreign versus domestic jurisdictions. Additionally, we generated tax credits that reduced our effective tax rate by 8.0 percentage points in 2004.

Selected Quarterly Operating Results

	For the quarter ended (unaudited)								
	Mar 31, 2007	Dec 31, 2006	Sept 30, 2006	June 30, 2006	Mar 31, 2006	Dec 31, 2005	Sept 30, 2005	June 30, 2005	Mar 31, 2005
Revenues:									
License	$169.6	$162.0	$126.3	$113.3	$ 90.3	$ 87.6	$ 71.0	$ 66.6	$ 61.8
Services	89.1	67.6	62.5	43.1	38.8	27.6	29.4	25.0	18.1
	258.7	229.6	188.8	156.4	129.1	115.2	100.4	91.6	79.9
Cost of revenues:									
Cost of license revenues	20.6	14.5	18.5	13.8	12.4	10.8	10.4	10.1	9.0
Cost of services revenues	23.5	22.8	19.0	12.8	9.6	7.4	6.5	5.9	5.1
	44.0	37.3	37.5	26.6	22.0	18.2	16.9	16.0	14.1
Gross profit	214.7	192.3	151.3	129.8	107.1	97.0	83.5	75.6	65.8
Operating expenses:									
Research and development	55.0	50.1	43.2	32.6	22.3	10.3	24.2	22.1	16.0
Sales and marketing	86.7	80.6	61.1	54.1	42.6	39.7	33.9	28.0	23.4
General and administrative	26.6	25.1	18.9	13.7	11.8	6.8	9.5	8.2	6.3
In-process research and development	—	—	—	3.7	—	—	—	—	—
Operating income	46.4	36.5	28.1	25.7	30.3	40.2	16.0	17.3	20.1
Investment income and other expenses, net	3.0	1.2	1.0	(0.3)	—	0.1	1.2	0.3	0.1
Income before income taxes	49.4	37.7	29.1	25.4	30.3	40.3	17.2	17.6	20.2
Provision for income taxes	8.3	6.8	9.8	10.3	10.0	12.4	5.0	5.2	6.0
Cumulative effect of a change in accounting principle	—	—	—	—	0.2	—	—	—	—
Net income	$ 41.1	$ 31.0	$ 19.3	$ 15.1	$ 20.5	$ 28.0	$ 12.2	$ 12.4	$ 14.2

Note: Certain columns may not add due to rounding.

Liquidity and Financial Condition

In summary, our cash flows were:

	Year Ended December 31,		For the Period from January 9, 2004 to December 31, 2004
	2006	2005	
	(in millions)		
Net cash provided by operating activities	$ 279.9	$ 238.2	$ 94.0
Net cash used in investing activities	(142.4)	(45.7)	(14.0)
Net cash used in financing activities	—	(190.0)	(92.9)

Cash provided by operating activities was $279.9, $238.2 and $94.0 in 2006, 2005 and 2004, respectively.

In 2006, our operating cash flow reflected net income generated during the period of $87.0, adjusted for non-cash items such as depreciation and amortization expense of $66.6 and stock-based compensation of $51.2. Additionally, working capital, including short- and long-term deferred revenue, income taxes payable and deferred income taxes, generated cash flow of $67.4, primarily the result of an increase in total deferred revenue of $158.1. Our deferred revenue balance consisted of deferred license revenues of $65.4 and deferred services revenues of

$241.1 at December 31, 2006, of which $242.6 was categorized as current. The increase in deferred revenue was partially offset by an increase in accounts receivable of $98.0 due to increased revenue and an increase in net receivables due from EMC of $48.4.

In 2005, our operating cash flow reflected net income generated during the period of $66.8, adjusted for non-cash items such as depreciation and amortization expense of $39.5 and stock-based compensation of $27.1. Working capital, including short- and long-term deferred revenue, income taxes payable and deferred income taxes, generated cash flow of $104.7, primarily the result of an increase in total deferred revenue of $79.5. Our deferred revenue balance consisted of deferred license revenues of $51.2 and deferred services revenues of $97.3 at December 31, 2005, of which $131.6 was categorized as current. Additionally, our operating cash flow was positively impacted by increased income taxes payable to EMC of $44.1 and increased net payable due to EMC of $29.3. These increases in deferred revenue and amounts owed to EMC were partially offset by an increase in accounts receivable of $52.0 due to increased revenue.

In 2004, our operating cash flow reflected net income generated during the period of $16.8, adjusted for non-cash items such as depreciation and amortization expense of $30.2, stock-based compensation of $19.5 and in-process research and development of $15.2. Working capital, including short- and long-term deferred revenue, income taxes payable and deferred income taxes, generated cash flow of $11.1. Our operating cash flow was negatively impacted by an increase in accounts receivable of $28.1 due to increased revenue. This increase in accounts receivable was partially offset by the positive impact of increased net payable due to EMC of $17.2 and increased income taxes payable to EMC of $10.9.

Cash used in investing activities was $142.4, $45.7 and $14.0 in 2006, 2005 and 2004, respectively. Cash paid for business acquisitions, net of cash acquired, was $46.5 and $2.2 in 2006 and 2005, respectively. Capital additions were $52.6, $20.7 and $6.0 in 2006, 2005 and 2004, respectively. The annual increases in capital additions were attributable to supporting the growth of the business. Capitalized software development costs on a cash basis were $32.5, $21.6 and $8.2 in 2006, 2005 and 2004, respectively. The increase in the amount capitalized in 2005 compared to 2004 was attributable to the introduction of new and enhanced product offerings. We have entered into construction contracts aggregating approximately $162.7 for our new headquarters facilities. EMC currently reimburses us for the costs we are incurring under these contracts and will continue to do so through the date of this offering, at which time we will purchase the facilities from EMC. We believe that cash on hand and cash generated from operations will be sufficient to pay for costs remaining to complete our new headquarters facilities. Through June 30, 2007, EMC has reimbursed us approximately $127.0. Additionally, in the second quarter of 2007, we entered into an agreement to acquire all of the capital stock of a privately held software development company for aggregate cash consideration of less than $10.0.

Cash used in financing activities was $190.0 and $92.9 in 2005 and 2004, resulting from dividends we paid to EMC. We had no financing activities in 2006. In April 2007, we declared an $800.0 dividend payable to EMC in the form of a note. The note matures in April 2012 and bears an interest rate of the 90-day LIBOR plus 55 basis points (5.91% as of June 30, 2007), with interest payable quarterly in arrears commencing June 30, 2007. The note may be repaid, without penalty, at any time commencing July 2007. We intend to use a portion of the proceeds from the offering to repay a portion of the note.

Our cash and cash equivalents balance increased from $38.7 at December 31, 2005 to $176.1 at December 31, 2006. Based on our current operating and capital expenditure forecasts, we believe that the combination of funds currently available and funds to be generated from operations will be adequate to finance our ongoing operations for at least the next twelve months.

To date, inflation has not had a material impact on our financial results.

Results of First Quarter Operations

Our results of operations for the three months ended March 31, 2007 and 2006 are as follows:

	Three months ended March 31,			
	2007		2006	
Revenues:				
License	$169.6	65.5%	$ 90.3	70.0%
Services	89.1	34.5%	38.8	30.0%
	258.7	100.0%	129.1	100.0%
Cost of revenues:				
Cost of license revenues	20.6	7.9%	12.4	9.6%
Cost of services revenues	23.5	9.1%	9.6	7.4%
	44.0	17.0%	22.0	17.0%
Gross profit	214.7	83.0%	107.1	83.0%
Operating expenses:				
Research and development	55.0	21.2%	22.3	17.3%
Sales and marketing	86.7	33.5%	42.6	33.0%
General and administrative	26.6	10.3%	11.8	9.2%
In-process research and development	—	—	—	—
Operating income	46.4	17.9%	30.3	23.5%
Investment income and other expenses, net	3.0	1.2%	—	—
Income before income taxes	49.4	19.1%	30.3	23.5%
Provision for income taxes	8.3	3.2%	10.0	7.7%
Cumulative effect of a change in accounting principle	—	—	0.2	—
Net income	$41.1	15.9%	$20.5	15.9%

Note: Certain columns may not add due to rounding.

Revenues

For the first quarter, total revenues were $258.7 in 2007, which was a 100% increase over 2006 revenues of $129.1. The growth in 2007 reflected an increase of $79.3 in license revenue and an increase of $50.4 in services revenue. We market and sell our products largely through a network of channel partners, which includes distributors, resellers, x86 system vendors and systems integrators.

License Revenues . Software license revenues increased by 88% from $90.3 in the first quarter of 2006 to $169.6 in 2007. We believe a significant majority of the revenue growth in the first quarter of 2007 compared to the same period in 2006 is the result of increased sales volumes, driven largely by greater demand for our virtualization product offerings attributable to wider market acceptance of virtualization as part of organizations' IT infrastructure, a broadened product portfolio and expansion of our network of indirect channel partners. The increase in our sales and marketing spending and the increase in our distribution channels, which grew by over 400 new partners in the first quarter, also contributed to the generation and cultivation of this additional demand.

We also experienced an increase in the number of orders greater than $50,000 in the first quarter of 2007, compared to the first quarter of 2006. Orders from our distributors and end-user customers which were greater than $50,000 were approximately 27% and 24% of revenue in the first quarters of 2007 and 2006, respectively. The increase in the number of orders greater than $50,000 is a result of broader acceptance of virtualization solutions for organizations' IT infrastructure and a trend toward end-user customers using our products broadly

across their organizations. In the second quarter of 2006, we introduced a new Enterprise product bundle which largely replaced the previous product bundle. We added three unique products to this bundle and increased the corresponding list price by 15%. This price increase was partially offset by decreasing prices on certain core platform products which were licensed for free. The impact of pricing on revenue growth in 2007 compared to 2006 was less than 10% of the overall increase in revenue.

Services Revenues. First quarter services revenues were $89.1 in 2007 and $38.8 in 2006, representing a year-over-year increase of 130%. Services revenues consist of software maintenance and professional services revenues. The increase in services revenues in 2007 was primarily attributable to growth in our software maintenance revenues of $38.7 and reflects the increase in license revenue, as well as renewals to customer contracts. Service revenue includes our professional services offerings, which increased by $11.7. Professional services revenues increased due to growing demand for design and implementation services and training programs, as end-user customers deployed virtualization across their organizations.

Cost of Revenues and Gross Profit

Our cost of revenues were $44.0 and $22.0 in the first quarter of 2007 and 2006, respectively, representing a year-over-year increase of 100%. Our gross profit for the first quarter was $214.7 in 2007 and $107.1 in 2006, which is an increase of 100%. The annual increase in our cost of sales was primarily attributable to increased direct support, professional services personnel and third-party professional services costs to support the increased services revenues. We also incurred increased costs to fulfill our license sales as the volume of our license sales increased. The aggregate total increase of these costs was $16.1 in the first quarter of 2007. The amortization of capitalized software development costs increased by $5.2 in 2007, a 188% increase. Fluctuations in foreign currency compared to the U.S. dollar did not have a significant effect on cost of revenues in the first quarter of 2007 and 2006. License revenues, as a percentage of total revenues, decreased from 70.0% in the first quarter of 2006 to 65.5% in the first quarter of 2007. Our gross margins, as a percentage of revenues, were 83.0% in both the first quarter of 2007 and 2006. Although services revenues, which have a lower gross margin than our license revenues, comprised a greater proportion of our revenue mix in the first quarter of 2007, the gross margin on our license revenues improved compared to the first quarter of 2006, resulting in our overall gross margin remaining flat. For the remainder of 2007, we expect that our services revenues will continue to increase as a percentage of our total revenues. Because services revenues have a lower gross margin than our license revenues, we expect our gross margins will be negatively impacted for the remainder of 2007. In future periods, our cost of revenues and gross profit will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering. See "Management's Discussion and Analysis—Equity-based Compensation."

Research and Development Expenses

Our R&D expenses were $55.0 and $22.3 in the first quarter of 2007 and 2006, respectively, representing a year-over-year increase of 146%. The increase in R&D expenses in 2007 consisted primarily of increased salaries and benefits of $14.6, resulting from additional resources to support new product development. Software capitalization decreased from $17.7 in 2006 to $7.6 in 2007. In 2006, we reached technological feasibility on our current VMware Infrastructure server product and capitalized the costs to develop that product. By contrast, in 2007, we have not reached technological feasibility on a product of similar magnitude. As a percentage of revenues, R&D expenses were 21.2% in 2007 and 17.3% in 2006. The increase in R&D expense as a percentage of revenues in 2007 compared to 2006 was primarily attributable to less software costs being capitalized. In future periods, our research and development expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering. Additionally, the amount of equity-based compensation that may be capitalized will also affect the future expense. See "Management's Discussion and Analysis—Equity-based Compensation."

Sales and Marketing Expenses

For the first quarter, our sales and marketing expenses were $86.7 in 2007 and $42.6 in 2006, representing a year-over-year increase of 104% in 2007. The increase in sales and marketing expenses was the result of higher salaries and benefits, resulting from additional headcount in both sales and marketing personnel, and higher commission expense resulting from increased sales volume. Salaries, benefits and commission expense increased by $24.2. In certain international countries, EMC hires employees who work on our behalf. The costs incurred by EMC on our behalf, which principally relates to employees dedicated to our marketing effort, increased by $9.3. In order to expand our geographic reach in the first quarter of 2007, we added employees in two additional countries, as well as increased headcount in countries where we previously had employees. An increase in our marketing programs and travel of $4.0 also contributed to the growth in sales and marketing expenses. As a percentage of revenues, sales and marketing expenses were 33.5% and 33.0% in 2007 and 2006, respectively. The annual increases in sales and marketing expenses, as a percentage of revenues, were primarily attributable to incremental salaries, benefits and commissions. In future periods, our sales and marketing expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering. See "Management's Discussion and Analysis—Equity-based Compensation."

General and Administrative Expenses

Our general and administrative expenses for the first quarter were $26.6 and $11.8 in 2007 and 2006, respectively, representing a year-over-year increase of 125%. Our general and administrative expenses increased primarily as a result of additional salaries, benefits and recruiting costs of $6.8, resulting from additional resources to support the growth of our business. Administrative costs, such as travel, equipment, facilities and depreciation, increased by $3.4 in 2007. Other administrative costs, such as legal, audit and tax fees, also contributed $1.2 to the increase in general and administrative expenses in 2007 compared to 2006. As a percentage of revenues, general and administrative expenses were 10.3% and 9.2% in 2007 and 2006, respectively. The increase in general and administrative expenses as a percentage of revenues was primarily attributable to incremental headcount to support the growth of our business. In future periods, our general and administrative expenses will be adversely affected as a result of the exchange offer and the issuance of additional equity grants. The actual impact is subject to a number of factors, including the number of equity instruments exchanged in the exchange offer, the initial public offering price of our Class A common stock and EMC's two-day weighted average trading price prior to the consummation of this offering of our Class A common stock. See "Management's Discussion and Analysis—Equity-based Compensation."

Operating Income

Our operating income was $46.4 and $30.3 in the first quarters of 2007 and 2006, respectively, representing a year-over-year increase of 53%. As a percentage of revenues, operating margins were 17.9% and 23.5% in 2007 and 2006, respectively. The decrease in margin in 2007 was primarily attributable to the effect of capitalized software development cost, net of amortization. Net capitalized software development cost increased operating income by $13.2 in 2006, but decreased operating income by $0.4 in 2007.

A portion of our costs of revenues, primarily the costs of personnel to deliver technical support on our products, and a portion of our operating expense primarily related to sales, sales support and research and development, are denominated in foreign currencies, primarily the British pound, the Euro, the Japanese yen, the Indian rupee, the Australian dollar and the Canadian dollar. These costs and the resulting effect on operating income are exposed to foreign exchange rate fluctuations. As a result of fluctuations in foreign currency values compared to the U.S. dollar, operating income decreased $3.8 in the first quarter of 2007 and increased $1.1 in the first quarter of 2006.

Investment Income and Other Net Expenses

Investment income and other expenses, net, were $3.0 in the first quarter of 2007 as compared with $0.0 in the same period of 2006. Investment income consists primarily of interest earned on cash and cash equivalent balances and on amounts due to us from EMC on our intercompany balance. Interest expense results primarily from balances owed by us to EMC. Investment income increased in 2007 compared to 2006 due to higher outstanding cash and cash equivalent balances and amounts owed to us by EMC on our intercompany balances.

Provision for Income Taxes

Our effective income tax rate was 16.9% in the first quarter of 2007 as compared with 32.9% for the same period in 2006. The reduction in the effective rate for the first quarter of 2007 compared to the first quarter of 2006 was primarily attributable to the benefit of our tax structure, whereby income in 2007 earned abroad principally qualifies for deferral from U.S. taxation, whereas in 2006 the income was principally taxed in the United States. Our rate of taxation in foreign jurisdictions is lower than our U.S. tax rate.

Liquidity and Financial Condition

For the quarters ended March 31, 2007 and March 31, 2006, our cash flows were:

	Three months ended March 31,	
	2007	2006
Net cash provided by operating activities	$ 104.9	$99.6
Net cash used in investing activities	(22.6)	(22.6)
Net cash used in financing activities	—	—

Cash provided by operating activities was $104.9 and $99.6 in the first quarter of 2007 and 2006, respectively.

In the first quarter of 2007, our operating cash flow reflected net income generated during the period of $41.1, adjusted for non-cash items such as depreciation and amortization expense of $21.2 and stock-based compensation of $11.6. Additionally, working capital, including short- and long-term deferred revenue, income taxes payable and deferred income taxes, generated cash flow of $30.4, as a result of a decrease in accounts receivable of $46.4 and an increase in deferred revenues of $33.7. Our deferred revenue balance consisted of deferred license revenues of $76.4 and deferred service revenues of $263.9 at March 31, 2007, of which $262.1 of the total deferred revenue balance was classified as current.

In the first quarter of 2006, our operating cash flow reflected net income generated during the period of $21.6, adjusted for non-cash items such as depreciation and amortization expense of $12.6 and stock-based compensation of $6.5. Additionally, working capital, including short- and long-term deferred revenue, income taxes payable and deferred income taxes, generated cash flow of $59.8, primarily as a result of an increase in deferred revenue of $29.9 and a decrease in accounts receivable of $13.9.

Cash used in investing activities was $22.6 for both the first quarter of 2007 and 2006. Capital additions were $16.6 and $10.4 in the first quarter of 2007 and 2006, respectively. Capitalized software development costs were $6.7 and $12.3 in the first quarter of 2007 and 2006, respectively. The decrease in capitalized software development costs in the first quarter of 2007 compared to the first quarter of 2006 was attributable to the current version of the Virtual Infrastructure software product reaching technological feasibility in 2006.

We had no financing activities in the first quarter of 2007 or 2006.

Financing Activities

In July 2007, we entered into a stock purchase agreement with Intel, pursuant to which Intel, through its affiliate, Intel Capital, has agreed to purchase 9.5 million shares of our Class A common stock at $23.00 per share for an aggregate offering price of $218.5, subject to the expiration of the applicable waiting period under the HSR Act and the satisfaction of other customary closing conditions, including the absence of a material adverse change. If we do not complete an underwritten public offering with an aggregate price to the public of at least $250.0 million on or before December 31, 2007, Intel will have the right to exchange its Class A common stock for shares of Series A preferred stock, the terms of which will be designated prior to the closing of the Intel investment. We have also granted Intel Capital customary anti-dilution rights and a put right with a pre-set internal rate of return. We have also entered into an investor rights agreement with Intel pursuant to which Intel will have certain registration and other rights as a holder of our Class A common stock.

Off-Balance Sheet Arrangements, Contractual Obligations, Contingent Liabilities and Commitments

Guarantees and Indemnification Obligations

We enter into agreements in the ordinary course of business with, among others, distributors, resellers, x86 system vendors and systems integrators. Most of these agreements require us to indemnify the other party against third-party claims alleging that one of our products infringes or misappropriates a patent, copyright, trademark, trade secret and/or other intellectual property right. Certain of these agreements require us to indemnify the other party against certain claims relating to property damage, personal injury or the acts or omissions by us, our employees, agents or representatives. In addition, from time to time we have made certain guarantees regarding the performance of our systems to our customers.

Contractual Obligations

We have various contractual obligations impacting our liquidity. The following represents our contractual obligations as of December 31, 2006:

		Payments Due by Period			
	Total	Less than 1 year	1-3 years*	3-5 years**	More than 5 years
Operating leases	$298.0	$ 13.6	$16.8	$ 14.2	$ 253.4
Purchase orders	46.7	46.7	—	—	—
Construction contracts	77.6	77.6	—	—	—
Total	$422.3	$ 137.9	$16.8	$ 14.2	$ 253.4

* Includes payments from January 1, 2008 through December 31, 2009.
** Includes payments from January 1, 2010 through December 31, 2011.

Our operating leases are primarily for office space around the world. We generally believe leasing such space is more cost-effective than purchasing real estate. While our purchase orders are generally cancelable without penalty, certain vendor agreements provide for percentage-based cancellation fees or minimum restocking charges based on the nature of the product or service. The construction contracts are for the construction of our new headquarter facilities. EMC currently reimburses us for the costs we are incurring under these contracts and will continue to do so through the date of the offering, at which time we will purchase the facilities from EMC.

Critical Accounting Policies

Our consolidated financial statements are based on the selection and application of generally accepted accounting principles that require us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and the accompanying notes. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to our financial statements. We believe that the policies set forth below may involve a higher degree of judgment and complexity in their application than our other accounting policies and represent the critical accounting policies used in the preparation of our financial statements. If different assumptions or conditions were to prevail, the results could be materially different from our reported results. Our significant accounting policies are presented within Note A to our consolidated financial statements included elsewhere in this prospectus.

Accounting for Stock Options

In 2006, we adopted Financial Accounting Standard No. 123R, "Share-Based Payment," or FAS No. 123R, to account for equity-based compensation expense. Our financial statements include the adoption of FAS No. 123R using the modified prospective transition method of adoption, which does not result in the restatement of results from prior periods.

FAS No. 123R requires recognizing compensation costs for all share-based payment awards made to employees based upon the awards' estimated grant date fair value. The standard covers equity grants made by EMC to our employees, including stock options for EMC stock, restricted EMC stock and employee stock purchases related to EMC's employee stock purchase plan, or ESPP. Additionally, we applied the provisions of SEC Staff Accounting Bulletin No. 107 on Share-Based Payment to our adoption of FAS No. 123R. Prior to 2006, we elected to account for these share-based payment awards under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," or APB No. 25, and elected to only disclose the pro forma impact of expensing the fair value of stock options in the notes to the financial statements.

We elected to estimate the fair value of employee stock option awards and the ESPP using the Black-Scholes model. The determination of the fair value of share-based payment awards on the date of grant using the Black-Scholes model is affected by EMC's stock price, as well as assumptions regarding a number of subjective variables. These variables include the expected stock price volatility over the term of the awards, the risk-free interest rate associated with the expected term of the awards, expected dividends and actual and projected employee stock option exercise behaviors.

In 2006, the following weighted average assumptions for employee stock options and ESPP were used in the Black-Scholes model:

	Stock Options	ESPP
Dividend yield	None	None
Expected volatility	34.4%	27.6%
Risk free interest rate	4.8%	4.9%
Expected life (in years)	4.0	0.5

To determine the expected volatility, we used a combination of implied volatility for six-month and two-year traded options on EMC's stock, as well as EMC's historical stock price volatility. The expected term assumption is based upon actual historical exercises and cancellations of EMC stock options. We are using the same methodology to calculate expected volatility and expected term that was used prior to our adoption of FAS No. 123R. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of employee stock options and ESPP. The dividend yield assumption is based on the history and expectation of

dividend payouts. Stock-based compensation expense recognized within a given reporting period is based on awards that are expected to vest in current or future periods. Accordingly, recognized stock-based compensation expense from stock options and ESPP is reduced for expected forfeitures. FAS No. 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. See Note I to our consolidated financial statements for more information regarding our implementation of FAS No. 123R.

Changes to the underlying assumptions may have a significant impact on the underlying value of the stock options, which could have a material impact on our financial statements. Should our actual forfeitures differ from our estimates, this could have a material impact on our financial statements.

The value of stock options that will be granted by us after this offering will be based on our volatility, or in the absence of a sufficient period of time to determine such volatility, the volatility of a representative peer group. This volatility may be higher than EMC's volatility, which will have the effect of increasing our stock-based compensation expense.

Revenue Recognition

We derive revenue from the licensing of software and related services. We recognize revenue for software products and related services in accordance with the American Institute of Certified Public Accountants' Statement of Position (SOP) 97-2, "Software Revenue Recognition," as amended. We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable. However, determining whether and when some of these criteria have been satisfied often involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

Our assessment of likelihood of collection is also a critical element in determining the timing of revenue recognition. If we do not believe that collection is probable, the revenue will be deferred until the earlier of when collection is deemed probable or cash is received.

We recognize license revenue from the sale of software when risk of loss transfers, which is generally upon shipment or electronic transfer. We license our software under perpetual licenses, through our direct sales force and through our channel of distributors, resellers, x86 system vendors and systems integrators. We defer revenue relating to products that have shipped to our channel until our products are sold through the channel. We estimate and record reserves for products that are not sold through the channel based on historical trends and relevant current information. We obtain sell-through information from distributors and resellers on a monthly basis and reconcile any estimates, if necessary, made in the previous month. Historically, actual information has not differed materially from the related estimate. For our indirect channel partners who do not report sell-through data, we determine sell-through information based on such distributors' and resellers' accounts receivable balances and other relevant factors. For x86 system vendors, revenue is recognized in arrears upon the receipt of binding royalty reports. The accuracy of our reserves depends on our ability to estimate the product sold through the channels and could have a significant impact on the timing and amount of revenue we report.

We offer rebates to channel partners, which are recognized as a reduction of revenue at the time the related product sale is recognized. We account for marketing development funds and sales incentives to channel partners as a reduction of revenue. When rebates are based on the set percentage of actual sales, we recognize the costs of the rebates as a reduction of revenue when the underlying revenue is recognized. In cases where rebates are earned if a cumulative level of sales is achieved, we recognize the cost of the rebates as a reduction of revenue proportionally for each sale that is required to achieve the target. The estimated reserves for channel rebates and sales incentives are based on channel partners' actual performance against the terms and conditions of the programs, historical trends and the value of the rebates. The accuracy of these reserves for these rebates,

marketing development funds and sales incentives depends on our ability to estimate these items and could have a significant impact on the timing and amount of revenue we report.

Although our return policy does not allow end-users to return products for a refund, we may accept returns from time to time. Channel partners may also rotate stock when new versions of a product are released. The product returns reserve is based on historical experience of actual product returns, estimated channel inventory levels, the timing of new product introductions and promotions and other relevant factors. The accuracy of these reserves depends on our ability to estimate sales returns and stock rotation among other criteria. If we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period.

Our services revenue consists of software maintenance and professional services. We recognize maintenance revenues ratably over the contract period. Professional services include design, implementation and training. Professional services are not considered essential to the functionality of our products because these services do not alter the product capabilities and may be performed by our customers or other vendors. Professional services engagements that have durations of 90 days or less are recognized in revenue upon completion of the engagement. Professional services engagements of more than 90 days for which we are able to make reasonably dependable estimates of progress toward completion are recognized on a proportional performance basis based upon the hours incurred. Revenue on all other engagements is recognized upon completion. However, if we were to change any of these assumptions or judgments, it could cause a material increase or decrease in the amount of revenue that we report in a particular period.

Our software products are sold with maintenance and/or professional services. Vendor-specific objective evidence (“VSOE”) of fair value of professional services is based upon the standard rates we charge for such services when sold separately. VSOE for maintenance services is established by the rates charged in stand-alone sales of maintenance contracts or the stated renewal rate for maintenance included in the license agreement. The revenue allocated to software license included in multiple element contracts represents the residual amount of the contract after the fair value of the other elements has been determined. Customers under maintenance agreements are entitled to receive updates and upgrades on a when-and-if-available basis. In the event upgrades have been announced but not delivered, product revenue is deferred after the announcement date until delivery occurs unless we have established VSOE of fair value for the upgrade. VSOE of fair value of upgrades is established based upon the price set by management. We have a history of selling upgrades on a stand-alone basis. We are required to exercise judgment in determining whether VSOE exists for each undelivered element based on whether our pricing for these elements is sufficiently consistent with the sale of these elements on a stand-alone basis. This could cause a material increase or decrease in the amount of revenue that we report in a particular period.

Asset Valuation

Asset valuation includes assessing the recorded value of certain assets, including accounts receivable, goodwill, capitalized software development costs and other intangible assets. We use a variety of factors to assess valuation, depending upon the asset. Accounts receivable are evaluated based upon the creditworthiness of our customers, historical experience, the age of the receivable and current market and economic conditions. Should current market and economic conditions deteriorate, our actual bad debt experience could exceed our estimate. We capitalize software development costs once our projects have reached technological feasibility at the earlier of completion of a detailed project design or a working model. Changes in judgment as to when technological feasibility is reached could materially impact the amount of costs capitalized. We amortize capitalized software development costs over periods ranging from 18 to 24 months, which represent the products’ estimated useful lives. Changes in the periods over which we actually generate revenues or the amounts of revenues generated could result in different amounts of amortization. Other intangible assets are evaluated based upon the expected period during which the asset will be utilized, forecasted cash flows, changes in technology and customer demand. Changes in judgments on any of these factors could materially impact the value of the asset. Our goodwill valuation is based

upon a discounted cash flow analysis. The analysis considers estimated revenue and expense growth rates. The estimates are based upon our historical experience and projections of future activity, considering customer demand, changes in technology and a cost structure necessary to achieve the related revenues. Changes in judgments on any of these factors could materially impact the value of the asset.

New Accounting Pronouncements

VMware adopted FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes" ("FIN No. 48"), at the beginning of fiscal year 2007. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. We had no changes to the amount of our income tax payable as a result of implementing FIN No. 48. Prior to the adoption of FIN No. 48, our policy was to classify accruals for uncertain positions as a current liability unless it was highly probable that there would not be a payment or settlement for such identified risks for a period of at least a year. We reclassified $4.5 of income tax liabilities from current to non-current liabilities because a cash settlement of these liabilities is not anticipated within one year of the balance sheet date.

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements," or FAS No. 157, which addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under generally accepted accounting principles. FAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and should be applied prospectively, except in the case of a limited number of financial instruments that require retrospective application. We are currently evaluating the potential impact of FAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115," or FAS No. 159. The new statement allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. FAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of FAS No. 159 on our financial position and results of operations.

Quantitative and Qualitative Disclosures about Market Risk

During the first quarter 2007, our international revenues accounted for 47% of our total revenues. International revenue as a percentage of total revenues was 44% in 2006, 46% in 2005 and 45% in 2004. Our revenue contracts are denominated in U.S. dollars and the vast majority of our purchase contracts are denominated in U.S. dollars. A portion of our cost of revenues, primarily the cost of personnel to deliver technical support on our products, and a portion of our operating expense related to sales and sales support and research and development, are denominated in foreign currencies, primarily the British pound, the Euro, the Japanese yen, the Indian rupee, the Australian dollar and the Canadian dollar. These costs and the resulting effect on gross margin and operating income are exposed to foreign exchange rate fluctuations. Upon consolidation, as exchange rates vary, costs of revenue and operating costs may differ materially from expectations. The Company does not hedge its exposure to foreign currency fluctuation. Our exposure to market risk relates primarily to the variable interest obligation on the note we incurred to fund an $800.0 dividend to EMC.

BUSINESS

VMware is the leading provider of virtualization solutions. Our virtualization solutions represent a pioneering approach to computing that separates the operating system and application software from the underlying hardware to achieve significant improvements in efficiency, availability, flexibility and manageability. Our broad and proven suite of virtualization solutions addresses a range of complex IT problems that include infrastructure optimization, business continuity, software lifecycle management and desktop management. The benefits to our customers include substantially lower IT costs, choice of operating systems and a more automated and resilient systems infrastructure capable of responding dynamically to variable business demands. Our customer base includes 100% of the Fortune 100 and over 84% of the Fortune 1,000. Our customer base for our server solutions has grown to include 20,000 organizations of all sizes across numerous industries. We believe our solutions deliver significant economic value for customers, and many have adopted our solutions as the strategic and architectural foundation for their future computing initiatives.

Our solutions enable organizations to aggregate multiple servers, storage infrastructure and networks together into shared pools of capacity that can be allocated dynamically, securely and reliably to applications as needed, increasing hardware utilization and reducing spending. In the eight years since the introduction of our first virtualization platform, we have expanded our offering with virtual infrastructure automation products to address distributed and heterogeneous infrastructure challenges such as system recoverability and reliability, backup and recovery, resource provisioning and management, capacity and performance management and desktop security. We have also complemented our virtualization platforms with a suite of related virtual infrastructure management products.

We began shipping our first product in 1999, and today we offer 16 products. Our flagship desktop product, VMware Workstation, is in its sixth generation and our flagship server product suite, VMware Infrastructure, is in its third generation. Our products are widely recognized for their innovation and quality. We believe that our technological leadership can be attributed to our highly talented R&D engineers, over 40% of whom have advanced degrees.

We believe that the addressable market opportunity for our virtualization solutions is large and expanding. IDC estimates that less than one million of the 24.6 million x86 servers and less than five million of the 489.7 million business client PCs deployed worldwide are running virtualization software. We believe industry trends towards more powerful yet under-utilized multi-core servers and the increasing complexity of managing desktop environments will drive widespread adoption of virtualization for both server and desktop deployments. We believe that our innovative virtualization solutions will enable us to maintain our leadership in this large addressable market by increasing our penetration within our substantial installed base and through the addition of new customers.

We work closely with over 200 technology partners, including leading server, processor, storage, networking and software vendors. We have shared the economic opportunities surrounding virtualization with our partners by facilitating solution development through open APIs, formats and protocols and providing access to our source code and technology. The endorsement and support of our partners have further enhanced the awareness, reputation and adoption of our virtualization solutions.

We have developed a multi-channel distribution model to expand our presence and reach various segments of the market. We derive a significant majority of our revenues from our large indirect sales channel of more than 4,000 channel partners that include distributors, resellers, x86 system vendors and systems integrators. We believe that our partners benefit greatly from the sale of our solutions through additional services, software and hardware sales opportunities. We have trained a large number of partners and end users to deploy and leverage our solutions.

We were founded in 1998 and have continued to operate in large measure as a stand-alone company following our acquisition by EMC in 2004. Our independence has been critical to building deep and mutually

beneficial relationships with a broad group of partners. During 2006, we generated $703.9 million in revenues, an 82% increase over our 2005 results. For financial information about our business by segment and geographic area, see Note L to the consolidated financial statements included elsewhere in this prospectus. We are based in Palo Alto, California with 39 offices worldwide.

Industry Background

The Proliferation of x86 Servers and Desktops Introduces New Challenges

The introduction of x86 servers in the 1980s provided a low-cost alternative to mainframe and proprietary UNIX systems. The broad adoption of Windows and the emergence of Linux as server operating systems in the 1990s established x86 servers as the industry standard. x86 server shipments represented 93% of new servers in 2006 according to IDC. The growth in x86 server and desktop deployments has introduced new operational risks and IT infrastructure challenges. These challenges include:

- *Low Infrastructure Utilization .* Typical x86 server deployments achieve an average utilization of only 10% to 15% of total capacity according to IDC. Organizations typically do not run more than one application per server to avoid the risk of faults or security vulnerabilities in one application affecting the availability of another application on the same server. This “one application to one server” approach, combined with the relative inefficiency of most x86-based server applications, has resulted in significant under-utilization of x86-based server resources. IDC estimates that organizations currently maintain total excess computing capacity valued at $140 billion in the form of over-provisioned or idle servers. We believe that the industry trend towards multi-core architectures, which increase server capacity by combining two or more independent processors into a single package, will likely result in even lower utilization levels. According to IDC, more than 95% of x86-based servers currently have four processors or less. We therefore believe applications currently running on these servers are unlikely to take advantage of the eight- to sixteen-processor architectures that are likely to be the industry standard within the next few years.
- *Increasing Physical Infrastructure Costs .* Although the average selling prices of servers and related IT infrastructure continue to decline, the operational costs to support this growing infrastructure have steadily increased. Most computing infrastructure must remain operational at all times, resulting in power consumption, cooling and facilities costs that do not vary with utilization levels. In some cases, the lack of adequate power supply represents the limiting factor to an organization’s ability to deploy new applications and servers. IDC estimates that organizations spent $29.0 billion in 2006 to power and cool the worldwide installed base of servers, the vast majority of which are x86 servers.
- *Increasing IT Management Costs .* IDC estimates that organizations typically spend more than 80% of their overall IT budgets on the routine maintenance of existing infrastructure. As computing environments become more complex, the level of specialized education and experience required for infrastructure management personnel and the associated costs of such personnel have increased. To support the rapid growth of under-utilized servers and associated IT infrastructure, organizations spend disproportionate time and resources on manual tasks associated with server maintenance, and thus require more personnel to complete these tasks. Furthermore, automation of operational processes is inherently difficult given the complexity and heterogeneity of the environments.
- *Insufficient Failover and Disaster Protection .* Organizations are increasingly affected by the downtime of critical server applications and inaccessibility of critical end user desktops. The threat of security attacks, natural disasters, health pandemics and terrorism has elevated the importance of business continuity planning for both desktops and servers. The increasing dependence on x86-based server applications has elevated the importance of protecting them against local hardware failure, application faults and human error. Traditional solutions for both high availability and business continuity are complex and costly and therefore have only been deployed for a small subset of applications.

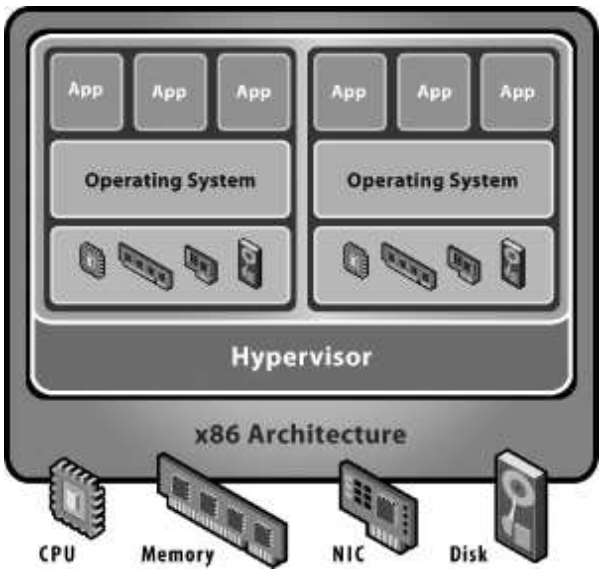
- *Desktop Management and Security*. Managing and securing enterprise desktops present numerous challenges. Controlling a distributed desktop environment and enforcing management, access and security policies without impairing users' ability to work effectively is complex and expensive. Numerous patches and upgrades must be continually applied to desktop environments to eliminate security vulnerabilities.

The Emergence of Industry-Standard Infrastructure Virtualization

Virtualization was first introduced in the 1970s to enable multiple business applications to share and fully harness the centralized computing capacity of mainframe systems. Virtualization was effectively abandoned during the 1980s and 1990s when client-server applications and inexpensive x86 servers and desktops established the model of distributed computing. Rather than sharing resources centrally in the mainframe model, organizations used the low cost of distributed systems to build up islands of computing capacity, providing some benefits but also introducing new challenges. In 1999, VMware introduced virtualization to x86 systems as a means to efficiently address many of these challenges and to transform x86 systems into general purpose, shared hardware infrastructure that offers full isolation, mobility and operating system choice for application environments.

Virtualization can be implemented using various approaches. The most prevalent approach uses a layer of software called a "hypervisor" that resides below the operating system (see Exhibit 1). The hypervisor provides the capability to enable multiple applications and operating systems to share the underlying hardware safely by encapsulating each application and operating system in its own "virtual machine." Organizations use this technology to run multiple applications and heterogeneous operating systems on the same hardware and across different hardware configurations, raising utilization and reducing costs.

Exhibit 1: Virtualization Enables Secure System Partitioning

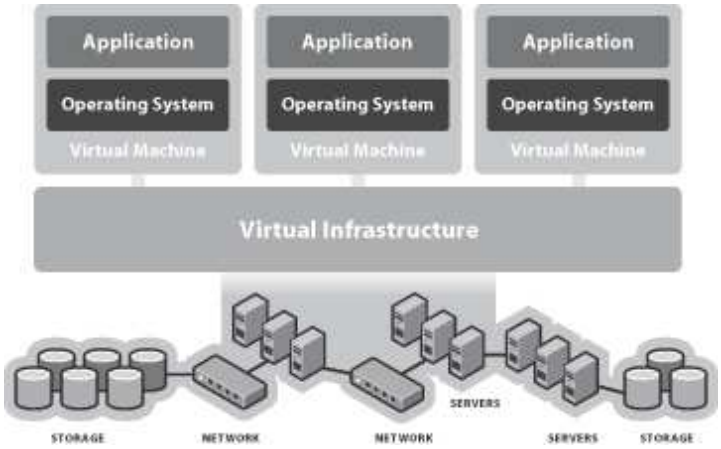


The Need for Virtual Infrastructure Automation and Management

The introduction of virtualization technology presents a number of opportunities for driving capital and operational efficiency above and beyond the simple benefit of safe partitioning. By decoupling the entire software environment from its underlying hardware infrastructure, virtualization enables the aggregation of multiple servers, storage infrastructure and networks into shared pools of resources that can be delivered

dynamically, securely and reliably to applications as needed (see Exhibit 2). This pioneering approach enables organizations to build a computing infrastructure with high levels of utilization, availability, automation and flexibility using building blocks of inexpensive industry-standard servers. Although virtualization represents the core enabling technology, the enormous benefits associated with this general purpose computing infrastructure cannot be fully realized without virtual infrastructure automation and management solutions.

Exhibit 2: Virtualization Enables a Distributed Virtual Infrastructure



Market Opportunity

IDC estimates the installed base of x86-based servers in 2006 at 24.6 million units, growing to 33.8 million units by 2010. According to IDC, worldwide shipments of x86 servers are expected to increase from 6.9 million units in 2006 to 8.7 million units in 2010. IDC estimates that the percentage of all new x86 server shipments running virtualization software will increase from 5% in 2005 to 17% in 2010. We believe industry trends towards more powerful yet under-utilized multi-core servers will further accelerate the widespread adoption of virtualization for server deployments.

Desktop virtualization provides organizations with the ability to manage desktop deployments through the use of virtual machines running on centralized server farms in the corporate data center or IT-managed desktop-based virtual machines. For server-based desktops, users access these desktops remotely from a desktop or a thin client using a remote display protocol. The centralized management of desktop deployments enables organizations to significantly improve the efficiency of desktop installations, upgrades, patches and backups. Desktop virtualization also enables organizations to package an IT-managed desktop within a secured virtual machine and deploy it to an unmanaged physical desktop, which can greatly reduce the manageability challenges associated with remote access deployments. IDC estimated that the installed base of business client PCs reached 489.7 million as of December 2006. We believe that companies spend approximately $1,000 to $2,000 per desktop per year to deliver the necessary manageability, security and resilience. We believe that these desktop systems and associated spending represent a significant potential market for virtualization-based solutions.

Our Solution

Our virtualization solutions run on industry-standard servers and desktops and support a wide range of operating system and application environments, as well as networking and storage infrastructure. We have designed our solutions to function independently of the hardware and operating system to provide customers with a broad platform choice. Our solutions provide a key integration point for hardware and infrastructure

management vendors to deliver differentiated value that can be applied uniformly across all application and operating system environments. Key benefits to our virtualization solutions include:

- *Server Consolidation and Infrastructure Optimization.* Our solutions enable organizations to achieve significantly higher resource utilization by pooling common infrastructure resources and breaking the "one application to one server" model. Our research indicates that our customers commonly achieve server consolidation ratios that average 5:1 and can achieve ratios that exceed 20:1 by using our solutions to run each of their applications in an isolated and secure virtual machine. Our solutions include numerous availability safeguards to mitigate the risk of loading multiple applications onto the same hardware platform. We have also developed tools and management products to enable easy planning and conversion of physical machines into virtual machines, as well as for the optimization and ongoing maintenance of a consolidated virtual environment.
- *Physical Infrastructure Cost Reduction.* Through significant server consolidation and containment results, our solutions increase utilization rates and reduce the required number of servers and other infrastructure overhead. Our solutions enable organizations to achieve significant reductions in their physical infrastructure costs through reduced data center space, power and cooling costs required to support new and existing applications. Our solutions also allow organizations to reduce or defer capital expenditures for new data center facilities.
- *Improved Operational Flexibility and Responsiveness.* Our solutions include a set of virtual infrastructure automation and management products that simplify and automate labor and resource intensive IT operations across disparate hardware, operating system and software application environments. Our virtual infrastructure automation and management solutions reduce the amount of time IT professionals must spend on largely reactive tasks, such as provisioning, configuration, monitoring and maintenance. In many cases, our solutions enable organizations to reduce the number of IT professionals required to effectively manage and maintain their infrastructure resources and to adapt their IT infrastructure more quickly to respond to changing business needs.
- *Increased Application Availability and Improved Business Continuity .* Our solutions enable organizations to reduce both planned and unplanned downtime in their computing environments. For planned downtime, we provide a live migration product called VMotion that enables users to move virtual machines running applications and operating systems across physically separate machines with no service interruption or data loss. For unplanned downtime, our solutions enable organizations to create a simple, cost-effective and rapid recovery strategy for the vast majority of x86-based workloads, many of which are not currently covered by traditional recovery strategies. The use of our solutions to migrate entire virtual environments to new data center locations enables our customers to implement fast and efficient business continuity strategies.
- *Improved Desktop Manageability and Security.* Our desktop virtualization solutions allow organizations to centrally host and manage desktop environments while providing a desktop-like experience to an end user. This virtual desktop infrastructure allows IT organizations to efficiently control desktop environments regardless of location, desktop hardware, operating system or business application access needs. Our virtualization solutions also allow organizations to deploy portable desktop virtual machines on unmanaged desktops while providing a layer of policy control and security around each virtual machine. The use of desktop virtualization in remote access deployments provides organizations with complete control of the hardware configuration and networking capabilities of an unmanaged desktop to ensure compliance with security policies.

Our Competitive Strengths

We believe that the following competitive strengths position us well to maintain and extend our leadership in virtualization solutions.

- *Leading Technology and Market Position.* Since our founding in 1998, we have focused exclusively on pioneering virtualization technology, continuously improving our core virtualization platform and

progressively expanding the application of virtualization technology to address previously unsolvable IT challenges. Our flagship desktop product, VMware Workstation, is in its sixth generation and our flagship server product suite, VMware Infrastructure, is in its third generation. Our products and solutions have received over 100 industry awards for excellence and leadership in their category. Our highly skilled employee base includes many of the industry's foremost experts in systems and virtualization technology and provides us with unparalleled experience and knowledge in delivering innovative and high-quality virtualization solutions. Our technology is the most widely deployed on the market today, and industry analysts have independently characterized us as the leading virtualization solution provider in the marketplace. We believe that our commitment to virtualization innovation, combined with our industry-leading market position, creates strong brand recognition and preference among current and prospective customers, technology partners and resellers and accelerates the adoption of our solutions.

- *Broad Product Portfolio.* We offer a broad virtualization product suite that addresses an organization's virtualization needs from the data center to the desktop. We offer 16 virtualization-based products across three product categories. Our flagship server product suite, VMware Infrastructure, bundles several of our products to deliver superior functionality and performance, as well as seamless integration into existing infrastructure of our customers. We believe that our broad product portfolio of virtualization solutions provides us with a substantial advantage over competitors that offer discrete, point virtualization products.
- *Open Standards and Choice of Operating Systems.* Our virtualization software enables customers to create and manage a shared pool of hardware resources that is independent of specific operating system and x86 hardware platforms. This allows our customers to deploy a heterogeneous environment of operating systems, underlying x86 hardware and associated networking and storage infrastructure. We have successfully certified more than 200 hardware platforms and successfully tested more than 60 operating systems for use with our solutions. We provide our partners access to our source code, as well as open APIs, formats and protocols to facilitate their development of interoperable and differentiated products. We also make our APIs, formats and protocols available for use by our partners and for inclusion in virtualization industry standards. We have designed our virtualization solutions to be an extension of hardware, as opposed to the operating system, resulting in a more flexible and robust solution that delivers both strategic choice and economic value to customers.
- *Large Installed Base of Customers.* We have a large installed customer base of more than 20,000 organizations using our server solutions. Our customer base includes 100% of Fortune 100 companies and over 84% of Fortune 1,000 companies. Our customer base includes organizations of all sizes across numerous industries. We believe that our customers view us as a key strategic solutions provider. The performance and reliability of our products has resulted in high customer satisfaction and strong customer loyalty. Many customers have implemented a policy to standardize and run all their new applications on our solutions, presenting us with significant opportunities to expand our footprint within these organizations as they grow their IT infrastructure.
- *Strong Partner Network.* We have extensive relationships with our technology, channel and consulting partners. Our network of partners continues to expand as the interest in and adoption of our technology grows. We believe the deployment of our leading virtualization solutions represents a strategic IT architecture decision for organizations, which creates significant product and services revenue opportunities for our partners. These opportunities provide strong incentives for our partners to collaborate with us to drive further adoption of our technology. We partner with more than 200 x86 system vendors, ISVs and other technology partners, as well as more than 4,000 distribution, reseller and consulting partners. The endorsement and support of our partners have further enhanced the awareness, reputation and adoption of our virtualization solutions.
- *Robust Global Support Operations and Services .* We offer a full range of 24x7 support offerings for both customers and partners, ranging from incident-level to business-critical service, backed by our industry-leading expertise in virtualization solutions. We have nearly a decade of experience installing,

integrating and supporting our broad virtualization solutions in various production environments for businesses of all sizes. Our support services cover a broad range of hardware platforms and software configurations. We implement a “follow the sun” approach to deliver continuous customer support through our locations on three continents. We believe that our global support organization and capabilities positively impact our customer satisfaction, maintenance renewal levels and specifically differentiate us from smaller virtualization solution competitors.

Our Growth Strategy

Our objective is to extend our market leadership in virtualization solutions. To accomplish this objective, we intend to:

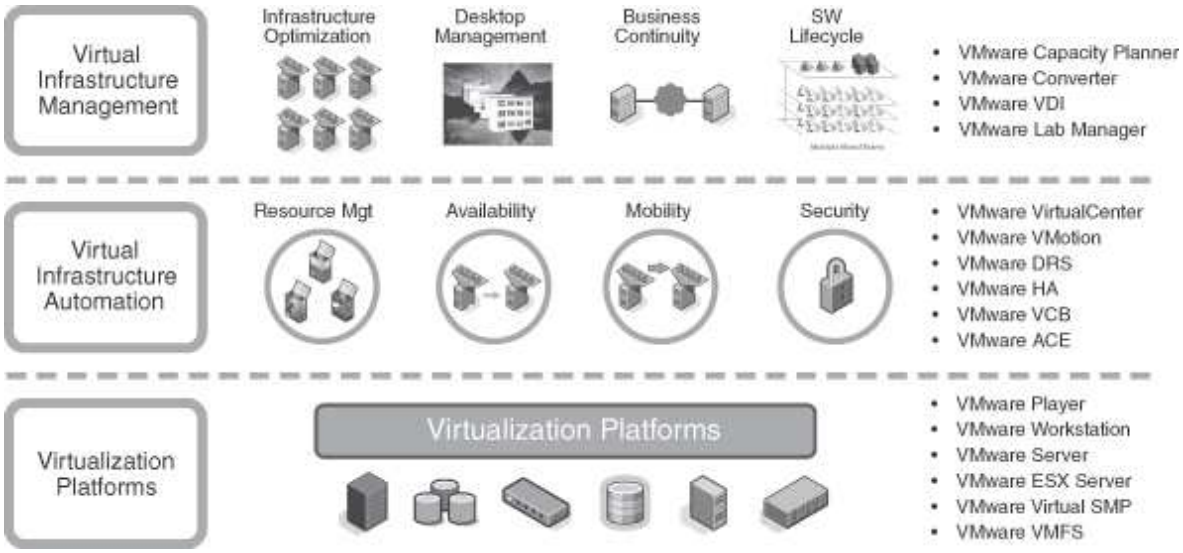
- *Broaden our Product Portfolio.* We continue to innovate and develop new server and desktop solutions and offer additional services that enhance the value of our current offerings. For example, the introduction of our VMware Infrastructure 3 product suite in 2006 expanded our offerings to include new capabilities in high availability, resource management and backup and recovery. We intend to provide our existing and prospective customers with additional solutions that will leverage virtualization technology to further optimize the value and reliability of their computing infrastructure. We may also pursue the acquisition of companies with complementary products and technologies that we believe will enhance our suite of offerings.
- *Enable Choice for Customers and Drive Standards.* We have designed and plan to maintain our core virtualization platforms as an operating system-independent extension of x86 hardware. By offering the functionality to pool and manage the resources of multiple servers and networking and storage infrastructure, our virtualization solutions extend beyond server virtualization to enable a next-generation, operating system-agnostic, distributed computing infrastructure with significant scalability, reliability, security, availability and flexibility.
- *Expand our Network of Technology and Distribution Partners .* We believe that the endorsement and support of our partners and user community accelerate the adoption of our solutions. We focus on enabling our partners to realize new economic opportunities through the integration and distribution of our solutions. We intend to expand our network of technology and distribution partners and increase the value our solutions provide to the hardware and software solutions of our partners. We will continue to collaborate with, and create additional revenue opportunities for, our partners to encourage their efforts to drive adoption and sales of our virtualization solutions.
- *Increase Sales to Existing Customers and Pursue New Customers.* We believe we have a significant opportunity to increase our sales to existing customers by targeting additional business units, pursuing upgrades and broad enterprise deployments and enhancing the functionality of our existing solutions. We will continue to aggressively pursue new customers globally by expanding our direct and indirect sales channels and our services offerings to complement our virtualization technology.
- *Increase Market Awareness and Drive Adoption of Virtualization.* We offer free solutions, which include VMware Player, VMware Server and VMware Converter. These entry-level solutions allow customers to evaluate the benefits of our virtualization technology and subsequently purchase advanced versions of our solutions. Our free software offerings, together with more than 400 third-party applications distributed in virtual appliances, provide an entry point for potential customers that can lead to additional product sales and broad adoption of our technology. We also host our annual VMworld industry conference to increase global awareness of virtualization solutions.

Our Products and Technology

We offer a broad portfolio of products that spans the consumer desktop to the enterprise data center. Our products generally fall into three categories (see Exhibit 3):

- *Virtualization Platforms.* Our virtualization platforms include a hypervisor for system partitioning that provides the capability to safely, securely and efficiently run multiple operating systems simultaneously on the same physical machine. Our platforms range from free, entry-level products for the desktop and server to more feature-rich desktop and server platforms.
- *Virtual Infrastructure Automation .* Our virtual infrastructure automation products utilize the unique benefits of our virtualization platforms to automate system infrastructure services, such as resource management, availability, mobility and security. By deploying our virtual infrastructure automation products with our virtualization platforms, VMware customers can reduce the operational complexity of their environments.
- *Virtual Infrastructure Management .* Unlike our virtual infrastructure automation products, which improve the runtime availability and reliability of the virtual machines, our virtual infrastructure management products automate the interaction between various IT constituencies and the virtual infrastructure for a specific set of point solutions. These solutions range from capacity sizing and assessment to development lab management.

Exhibit 3: VMware Product Portfolio



Virtualization Platform Products

- *VMware Player.* VMware Player is a free virtualization platform that enables individuals to run virtual machines on their desktops but does not allow virtual machine creation. We use VMware Player primarily as an awareness tool to familiarize individuals with the concept of virtual machines. VMware Player has been downloaded more than 2.6 million times since it was made generally available in December 2005.
- *VMware Workstation.* VMware Workstation is a desktop virtualization product for software developers and enterprise IT professionals who need to run multiple operating systems simultaneously

on a single desktop. Users can run Windows, Linux, NetWare or Solaris x86 in fully networked, portable virtual machines with no rebooting or hard drive partitioning required. VMware Workstation delivers excellent performance and advanced features, such as memory optimization and the ability to manage multi-tier configurations and multiple snapshots.

- *VMware Server.* VMware Server is a free virtualization platform that enables simple partitioning of a server into multiple virtual machines. VMware Server runs as an application on top of an existing Windows or Linux operating system, unlike our VMware ESX Server platform, which runs its own microkernel. VMware Server is principally an awareness tool for administrators to become familiar with virtualization, though customers may opt to pay an annual support and subscription fee if they would like the product supported in a production or test environment. VMware Server has been downloaded more than 1.7 million times since it was made generally available in November 2006.
- *VMware ESX Server.* VMware ESX Server is our enterprise-class virtualization platform that runs directly on the hardware with its own microkernel and requires no third-party operating system. VMware ESX Server is designed expressly for the purpose of running virtual machines securely, efficiently and flexibly. VMware ESX Server's microkernel architecture provides numerous efficiencies and performance benefits, including advanced resource management features, such as memory over-commitment and share-based resource allocations to guarantee quality of service. VMware ESX Server also has built-in redundancy features, such as device teaming and storage multi-pathing, to mitigate the risk of any component failure in a high-density, shared environment.
- *VMware Virtual SMP.* VMware Virtual SMP enables a single virtual machine to use up to four physical processors simultaneously, thereby allowing customers to run processor- and resource-intensive applications in virtual machines.
- *VMware VMFS.* VMware VMFS is a clustered file-system and volume manager that enables multiple ESX Servers to safely, efficiently and reliably share block-based storage. It was designed expressly for the purpose of handling virtual machines and is required to enable reliable use of our Virtual Infrastructure Automation products.

Virtual Infrastructure Automation Products

- *VMware VirtualCenter.* VMware VirtualCenter provides a central point of control to provision, monitor and manage a virtualized IT environment. VMware VirtualCenter also manages the runtime coordination of infrastructure automation products, such as VMware VMotion, VMware DRS and VMware HA, and provides outbound software interfaces for network and systems management software vendors to incorporate these technologies and other elements of virtual machine management into their user consoles.
- *VMware VMotion.* VMware VMotion allows users to move virtual machines with running applications and operating systems from one physical machine to another with no service interruption or data loss. Our customers have used VMware VMotion for more than three years to improve service levels delivered to their end users. Customers typically use VMware VMotion to perform zero-downtime planned hardware maintenance, non-disruptive server migration or dynamic resource repurposing.
- *VMware DRS.* VMware DRS creates resource pools from an aggregation of physical servers. VMware DRS dynamically allocates virtual machines to resource pools on demand. Once virtual machines have been provisioned, VMware DRS continuously monitors utilization across the resource pool and intelligently balances a collection of virtual machines across the servers in the resource pool using VMware VMotion. The VMware DRS resource management policies may be driven by pre-defined and automated rules that reflect business needs and priorities. VMware DRS delivers higher quality of service by managing resource commitments in a shared environment.
- *VMware HA.* VMware HA provides automated recovery from hardware failure for any application running in a virtual machine, regardless of its operating system or underlying hardware configuration.

The technology includes an in-memory, replicated database across all of the VMware ESX Servers in a resource pool that tracks the status of every virtual machine. In the event of a failure, affected virtual machines are immediately recovered onto alternate systems. This technology addresses a key need to make workloads instantly recoverable to mitigate the impact of hardware failures in a shared environment.

- *VMware Consolidated Backup.* VMware Consolidated Backup (VCB) enables LAN-free, automated backup of virtual machines from a centralized backup proxy. The product includes software utilities for third-party backup products to efficiently snapshot and back up running virtual machines from a single, secure proxy server. VCB can be used to perform both file-level and full-system backup and recovery with an existing backup infrastructure. It provides a critical, zero-downtime solution to manage the increased density of backup operations in a highly utilized shared environment.
- *VMware ACE.* VMware ACE enables desktop administrators to lock down desktop endpoints and protect critical company resources against the risks presented by unmanaged desktops. With VMware ACE, desktop administrators package an IT-managed desktop within a secured virtual machine and deploy it to an unmanaged physical desktop. Once installed, VMware ACE provides a suite of automated security policies around the virtual machine, such as encryption, expiration, network and device access policies, transforming the unmanaged desktop to ensure compliance with security policies.

Virtual Infrastructure Management Products

- *VMware Capacity Planner.* VMware Capacity Planner is a hosted application that enables VMware service providers to perform capacity assessments onsite at a customer facility. The service provider installs and runs a collector at the customer facility that conducts agent-less discovery and collection of performance information for all servers in an environment. VMware Capacity Planner loads this performance information into a hosted data warehouse and provides web-based analytics tools and consolidation recommendations to the service provider.
- *VMware Converter.* VMware Converter enables customers to quickly and reliably convert local and remote physical machines into virtual machines. Users may also input third-party image formats or third-party virtual machines into VMware Converter to create virtual machines that run on our platforms.
- *VMware Virtual Desktop Infrastructure.* VMware Virtual Desktop Infrastructure (VDI) enables companies to host individual desktops inside virtual machines running on centralized servers in their data center. Users access these virtual desktops remotely from a physical desktop or a thin client using a remote display protocol. Since applications are managed centrally at the corporate data center, organizations gain better control over their desktop deployments. Unlike other server-based solutions that do not provide a complete desktop experience or require specific architectures, VDI includes full desktop environments familiar to end users and not limited by hardware or location.
- *VMware Lab Manager.* VMware Lab Manager automates the setup, capture, storage and sharing of multi-machine software configurations for development and staging environments. Using VMware Lab Manager, development and test teams can access multiple software configurations and virtual machines on demand through a self-service portal.

Support and Services

We believe that our strong services organization and frequent customer touch points help establish loyal customers that provide references and help promote our technology across various industries. We have implemented a broad services strategy that leverages the professional services organizations of our partners. We have also established our own services offerings to complement our partners' services offerings and to ensure

customer satisfaction, drive additional sales and promote renewals and upgrades. Our services offerings include customized solutions and onsite support that enable us and our channel partners to provide a positive overall customer experience.

We have established our global customer support organization, VMware Global Support Services, to align with and support our expanding customer base.

- *VMware Global Support Services.* We offer a suite of proactive, top-quality support packages backed by industry-leading expertise. We offer three maintenance programs, Platinum, Gold and Silver, that include our support along with periodic minor updates and enhancements to our products. A majority of our server customers purchase Platinum support. In addition to phone support, our customers have access to an online product support database for help with troubleshooting and operational questions. These programs are offered on an annual or multi-year subscription basis. Our support teams, located in California, Canada, Ireland, India and Japan, provide first response and manage the resolution of customer issues. In addition, we have authorized certain systems vendors to provide support for our products on our behalf.

We also offer a range of professional services under our VMware Professional Services offering, which includes:

- *VMware Consulting Services.* VMware Certified Professionals provide on-site assistance throughout the virtualization adoption lifecycle to accelerate the implementation of our virtualization solutions. VMware Certified Professionals conduct initial assessments and upgrade workshops and prepare detailed implementation project plans. Once customers are ready for standardization across their enterprise, VMware Certified Professionals help integrate virtual infrastructure into enterprise systems and processes.
- *VMware Education Services.* VMware courses provide extensive hands-on labs, case study examples and course materials. Customers work in teams of two on servers located offsite using a variety of remote access technologies.

Technology Alliances

Consistent with our partner-centric strategy, we have engaged a broad group of hardware and software vendors to cooperatively advance virtualization technology through joint marketing, product interoperability, collaboration and co-development. We create opportunity for partners by enabling them to build products that utilize our virtualization technology and create differentiated value through joint solutions.

We have over 200 technology partners with whom we bring joint offerings to the marketplace. We classify our partners as:

- *Independent Hardware Vendors (IHVs).* We have established strong relationships with large system vendors, including IBM, HP, Dell, NEC, Fujitsu, Fujitsu-Siemens and Sun, for joint certification and co-development. We also work closely with Intel, AMD and other IHVs to provide input on product development to enable them to deliver hardware advancements that benefit virtualization users. We coordinate with the leading storage and networking vendors to ensure joint interoperability, as well as to enable our software to access their differentiated functionality.
- *Independent Software Vendors (ISVs).* We partner with leading systems management, infrastructure software and application software vendors to enable them to deliver value-added products that integrate with our VMware Infrastructure suite of products. Our Technology Alliance Program facilitates joint solution creation and coordinated go-to-market activities with our partners. Our ISV partners have distributed over 400 software applications as virtual appliances.

In addition to developing open APIs, formats and protocols at multiple levels in our products, we provide source code access to select partners in our “Community Source” program to facilitate joint development and

partner differentiation. We provide access to our ESX source code to over 300 developers from more than 30 partners for joint development projects. We also work with our industry partners to promote and foster the adoption of industry standards.

In addition, we and Intel have entered into a routine and customary collaboration partnering agreement that expresses the parties' intent to continue to expand their cooperative efforts around joint development, marketing and industry initiatives. Intel's investment is intended to foster strengthened intercompany collaboration toward accelerating VMware virtualization product adoption on Intel architecture and reinforcing the value of virtualization technology for customers.

We invest in testing and certification infrastructure to rigorously ensure our software works well with major hardware and software products. We have certified over 200 hardware platforms and have successfully tested over 60 operating systems for use with our solutions. We believe that the scale and scope of this effort is a significant competitive advantage.

Research and Development

We have made and intend to make significant investments in research and development. We have assembled a strong group of developers with system-level and system management software expertise. We employ approximately 1,100 professionals in our R&D organization and over 40% of the developers in the R&D organization have advanced degrees. We also have strong ties to leading academic institutions around the world and support academic programs that range from shared source code for research to sabbatical programs for visiting professors.

We prioritize our product development efforts through a combination of engineering-driven innovation and customer and market-driven feedback. Our research and development culture places high value on innovation, quality and open collaboration with our partners. We currently participate in numerous standards groups. For example, we co-chair the Distributed Management Task Force (DMTF) working group on System Virtualization, Partitioning and Clustering and chair the Standard Performance Evaluation Corporation (SPEC) working group on virtualization. We believe the strength of our research and development organization is a competitive differentiator.

Sales and Marketing

We sell and market our products largely through a network of channel partners, which includes distributors, resellers, x86 system vendors and systems integrators, with over 75% of our revenue in 2006 derived from this indirect network.

We have established ongoing business relationships with our distributors. Our distributors purchase software licenses and software support from us for resale to end-user customers via resellers.

A substantial majority of our resellers, namely those in our VIP reseller network, obtain software licenses and software support from our distributors and market and sell them to our end-user customers. We offer several levels of membership in our VIP reseller network depending on a reseller's interest and capability of providing demand generation, fulfillment, service delivery and education to customers and prospects. We also have certain resellers, as well as systems integrators, who obtain software licenses and software support directly from VMware. The VIP network agreements signed by the resellers carry no obligation to purchase or sell VMware products and can be terminated at any time by either party.

We have a direct sales force that complements our channel partners' efforts. Our sales force works with our channel partners to introduce them to end-user customer accounts and new sales opportunities. Our channel partners also introduce our sales force to their end-user customers.

In addition, our channel partner network includes certain system integrators and resellers trained and certified to deliver consulting services and solutions leveraging VMware products.

Our strategy is to position our products within a variety of organizations where end-user customers might consider buying virtualization solutions. We provide product training and marketing assistance to our channel partner network.

We generally do not have long-term contracts or minimum purchase commitments with our distributors, resellers, x86 system vendors and systems integrators, and our contracts with these channel partners do not prohibit them from offering products or services that compete with ours.

One of our distribution relationships is with Ingram Micro, which accounted for 29% of our worldwide revenues in 2006. The agreement under which we receive the substantial majority of our Ingram Micro revenues is terminable by either party upon 90 days' prior written notice to the other party, and neither party has any obligation to purchase or sell any products under the agreement. The terms of this agreement between Ingram Micro and us are substantially similar to the terms of the agreements we have with other distributors, except for certain differences in shipment and payment terms, product return rights and certain indemnification obligations. No other channel partner accounted for over 10% of our revenues in 2006.

Ingram Micro accounted for 23%, and another of our channel partners accounted for 11%, of revenues in the first three months of 2007. No other channel partner accounted for more than 10% of our revenues in the first three months of 2007.

As of March 31, 2007, we had agreements with more than 4,000 channel partners and employed approximately 1,100 sales and marketing personnel. We maintain sales offices in 31 countries.

We primarily sell our software under perpetual licenses, and our sales contracts generally require end-user customers to purchase maintenance for the first year. Software maintenance is sold both directly to end-user customers and via our network of channel partners, and the majority of professional services are sold directly, with some professional services sold via our channel partners. Our sales cycle with end-user customers ranges from less than 90 days to over a year depending on several factors, including the size and complexity of the customer's infrastructure.

The competitive landscape in which we operate includes not only other software virtualization vendors, but also traditional hardware solutions. In establishing prices for our products, we take into account, among other factors, the value our products and solutions deliver, and the cost of both alternative virtualization and hardware solutions. We believe the significant number of customers who also purchase our software services reflects a clear customer perception as to the value of our software services.

Our marketing efforts focus on communicating the benefits of our solutions and educating our customers, distributors, resellers, x86 system vendors, systems integrators, the media and analysts about the advantages of our innovative virtualization technology. We raise the awareness of our company, market our products and generate sales leads through industry events, public relations efforts, marketing materials, free downloads and our website. On average, our website receives approximately 400,000 unique visitors each week, as measured by a third-party tracking system. We also have created an online community called VMware Technology Network (VMTN) that enables customers and partners to share and discuss sales and development resources, implementation best practices, and industry trends among other topics. Attendance at VMworld, the largest annual industry conference on virtualization and hosted by VMware, has grown from approximately 1,400 attendees in 2004 to more than 6,700 attendees in 2006. We also offer management presentations, seminars and webinars on our products and topics of virtualization. We believe a combination of these efforts strengthens our brand and enhances our leading market position in our industry.

Customers

Our customers include 100% of the Fortune 100 and over 84% of the Fortune 1,000. As of January 2007, our customer base for our server solutions has grown to include 20,000 organizations of all sizes across numerous industries. Our customer deployments range in size from a single virtualized server for small businesses to up to thousands of virtual machines for our largest enterprise customers. In periodic third-party surveys commissioned by us, our customers indicate very high satisfaction rates with our products and many have indicated a strong preference for repeat purchases.

Ingram Micro, one of our distributors, accounted for 29% of our revenues in 2006. No other channel partner accounted for over 10% of our revenues in 2006. Ingram Micro accounted for 23%, and another of our channel partners accounted for 11%, of our revenues in the first three months of 2007. No other channel partner accounted for over 10% of our revenues in the first three months of 2007.

Competition

The virtual infrastructure market is evolving, and we expect to face increased competition in the future. We compete with large and small companies in different segments of the virtualization market, and expect that new entrants will enter the market and may develop technologies that, if commercialized, may compete with our products.

We believe that the key competitive factors in the virtual infrastructure market include:

- the level of innovation, quality and maturity of product offerings;
- the ability to provide full virtual infrastructure solutions;
- the proven track record of formulating and delivering a roadmap of virtualization capabilities;
- pricing of products, individually and in bundles;
- the ability to attract and preserve a large installed base of customers;
- the ability to offer products that support multiple hardware platforms and operating systems;
- the ability to create and maintain partnering opportunities with hardware and infrastructure software vendors and development of robust indirect sales channels; and
- the ability to attract and retain virtualization and systems experts as key employees.

Microsoft is our primary competitor for virtualization solutions. Microsoft currently provides products that compete with some of our entry-level offerings and has announced its intention to provide products that will compete with some of our enterprise-class products in the future. We have developed our virtualization solutions as a software layer between the hardware and the operating system that is not tied to a specific operating system. We believe our approach is differentiated from Microsoft's and delivers significant flexibility and superior economic value to customers.

We also compete with small companies whose products are based on emerging open-source technologies for system virtualization. In addition, we compete with companies that take different approaches to virtualization. However, we believe these solutions offer limited support for heterogeneous operating system deployments. Furthermore, our VMware Infrastructure suite competes with products that provide high availability clustering, workload management and resource management.

We also expect to compete with new entrants to the virtualization market, which may include parties currently selling our products or our current technology partners. Many of our current and future competitors have longer operating histories, greater name recognition and greater financial, sales and marketing and other resources than do we. We believe our market leadership, large customer base, strong partner network, broad and

innovative solutions suite and platform-agnostic approach position us favorably to compete effectively for the foreseeable future.

Intellectual Property

To date, the United States Patent and Trademark Office has issued us 22 patents covering various aspects of our server virtualization and other technologies . The granted United States patents will expire beginning in 2018, with the latest granted patent expiring in 2024. We also have numerous United States provisional and non-provisional patent applications pending that cover other aspects of our virtualization and other technologies.

We have been issued trademark registrations in the United States, the European Community and Japan covering the trademarks VMWARE for use in connection with computer software, clothing and reference materials, and VMWORLD for use in connection with educational seminars. VMWARE also is our registered trademark in Australia, Canada, the Republic of Korea, Mexico, Singapore and Taiwan. We also have trademark applications pending to register the VMWARE mark in China, India and Israel. In addition, we have registered trademarks for GSX SERVER and P2V in the United States and for MULTIPLEWORLDS in Japan.

We also rely on intellectual property protections, such as copyrights and trade secrets.

Despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement is uncertain, particularly in countries outside of the United States. United States patent filings are intended to provide the holder with a right to exclude others from making, using, selling or importing in the United States the inventions covered by the claims of granted patents. Our granted United States patents, and to the extent any future patents are issued, any such future patents may be contested, circumvented or invalidated in the future. Moreover, the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages, and we may not be able to prevent third parties from infringing these patents. Therefore, the exact effect of our patents and the other steps we have taken to protect our intellectual property cannot be predicted with certainty.

Employees

As of March 31, 2007, we had approximately 3,000 employees in offices worldwide. Of these employees, approximately 1,100 are engaged in sales and marketing, 1,100 in research and development, 500 in support and services and 300 in finance, administration and operations. None of our employees are represented by labor unions, and we consider current employee relations to be good.

Included in the VMware employees as of March 31, 2007 are approximately 375 EMC employees. We contract with EMC to utilize personnel who are dedicated to work for VMware on a full-time basis. These individuals are located in countries in which we do not currently have a subsidiary and are predominantly dedicated to our marketing efforts. Additionally, we utilize EMC employees in India for our R&D. We use contractors from time to time for temporary assignments and in locations in which we do not currently have subsidiaries. In the event that these contractor resources were not available, we do not believe that this would have a material adverse effect our operations.

Facilities

Our corporate headquarters is located in Palo Alto, California. We have nine office leases and subleases in Palo Alto totaling 387,000 square feet of office space. Globally, we have a total of 39 leases and subleases totaling 610,000 square feet at this time, of which 17 are leases through EMC. Currently, we have no owned properties.

In addition, we are presently constructing our new corporate headquarters in Palo Alto, California. Upon the consummation of the offering, we will purchase from EMC our new headquarter facilities for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127.0 million as of June 30, 2007. This 462,000 square foot office complex will be comprised of six buildings, which are expected to be completed in 2007 and 2008. We expect to relocate to our new corporate headquarters site from our several existing Palo Alto offices as the leases on those properties expire.

We believe that our current facilities, including our new headquarter facilities, are suitable and adequate to meet our current needs, and we intend to add new facilities or expand existing facilities as we add employees. We believe that suitable additional or substitute space will be available as needed to accommodate expansion of our operations.

Legal Proceedings

We are a party to legal proceedings which we consider routine and incidental to our business. Our management does not expect the results of any of these actions to have a material adverse effect on our business, results of operations or financial condition.

MANAGEMENT

Executive Officers and Directors

The names of our executive officers and directors and their ages as of July 1, 2007 are as follows:

Name	Age	Position(s)
Diane B. Greene	52	President, Chief Executive Officer and Director
Carl M. Eschenbach	40	Executive Vice President of Worldwide Field Operations
Mark S. Peek	49	Chief Financial Officer
Rashmi Garde	42	Vice President and General Counsel
Thomas J. Jurewicz	42	Vice President of Finance
Joseph M. Tucci	59	Chairman of the Board of Directors
Michael W. Brown	61	Director
John R. Egan	49	Director
David I. Goulden	48	Director
David N. Strohm	59	Director

Diane B. Greene has been a director of VMware since April 2007 and is a member of our Mergers and Acquisitions Committee. Ms. Greene is a founder of VMware and has served as its President and CEO from its inception in 1998. Ms. Greene has also served as an Executive Vice President of EMC since January 2005. Ms. Greene is also a director of Intuit Inc., a provider of business, financial management and tax solutions for small businesses, consumers and accountants.

Carl M. Eschenbach has been the Executive Vice President of Worldwide Field Operations at VMware since May 2005. Prior to joining VMware in 2002, he was Vice President of North America Sales at Inktomi from 2000 to 2002. He has also held various sales management positions with 3Com Corporation, Lucent Technologies and EMC.

Mark S. Peek has been the Chief Financial Officer at VMware since April 2007. Prior to joining VMware, he served as Senior Vice President and Chief Accounting Officer of Amazon.com, Inc. from July 2002. Prior to joining Amazon.com in April 2000, Mr. Peek spent nineteen years at Deloitte & Touche, the last ten years as a partner.

Rashmi Garde has been the Vice President and General Counsel at VMware since September 2005. She joined the company in 2001. Prior to joining VMware, she was Senior Corporate Counsel at Electronics for Imaging, Inc., a printing technology company, and was an associate with Graham & James LLP and Fenwick & West LLP.

Thomas J. Jurewicz has been the Vice President of Finance at VMware since June 1999 when he joined the company. He acted as our principal financial officer from July 2006 through April 2007. Prior to joining VMware, he was Vice President of Finance at CMC Industries, Inc., a contract manufacturer for technology clients.

Joseph M. Tucci has been the Chairman of the Board of Directors of VMware since April 2007 and is a member of our Mergers and Acquisitions Committee. He is the Chairman, Chief Executive Officer and President of EMC. Prior to joining EMC in January 2000, Mr. Tucci served as Deputy Chief Executive Officer of Getronics N.V., an IT services company, from June 1999 through December 1999 and as Chairman of the Board and Chief Executive Officer of Wang Global, an IT services company, from December 1993 to June 1999. Mr. Tucci is also a director of Paychex, Inc., a provider of payroll, human resources and benefits outsourcing solutions.

Michael W. Brown has been a director of VMware since April 2007, is the chair of our Audit Committee and is a member of our Compensation and Corporate Governance Committee. Mr. Brown has been an EMC director since 2005. From August 1994 to July 1997, Mr. Brown served as Vice President and Chief Financial Officer of Microsoft Corporation. He was Vice President, Finance of Microsoft from April 1993 to August 1994. He joined Microsoft in December 1989 and served as Treasurer from January 1990 to April 1993. Prior to joining Microsoft, Mr. Brown spent 18 years with Deloitte & Touche LLP in various positions. Mr. Brown is also a director of Administaff, Inc., a professional employer organization providing services such as payroll and benefits administration, and Thomas Weisel Partners Group, Inc., a publicly traded investment bank.

John R. Egan has been a director of VMware since April 2007, is the chair of our Mergers and Acquisitions Committee and is a member of our Audit Committee. Mr. Egan has been a managing partner and general partner in Egan-Managed Capital, a venture capital firm, since October 1998. From May 1997 to September 1998, Mr. Egan served as Executive Vice President, Products and Offerings of EMC. From January 1992 to June 1996, he served as Executive Vice President, Sales and Marketing of EMC. Mr. Egan is also a director of EMC and NetScout Systems, Inc., a provider of network and application performance management solutions.

David I. Goulden has been a director of VMware since April 2007 and is a member of our Audit Committee and our Mergers and Acquisitions Committee. He is Executive Vice President and Chief Financial Officer of EMC. Mr. Goulden served as EMC's Executive Vice President, Customer Operations from April 2004 to August 2006. He served as EMC's Executive Vice President, Customer Solutions and Marketing and New Business Development from November 2003 to April 2004 and as Executive Vice President, Global Marketing and New Business Development from July 2002 to November 2003. Prior to joining EMC, Mr. Goulden served in various roles, including as a member of the Board of Management, President and Chief Operating Officer for the Americas and Asia Pacific, at Getronics N.V.

David N. Strohm has been a director of VMware since April 2007, is the chair of our Compensation and Corporate Governance Committee and is a member of our Mergers and Acquisitions Committee. He has been a Venture Partner of Greylock Partners, a venture capital firm, since January 2001 and was a General Partner of Greylock from 1980 to 2001. He is also a General Partner of several partnerships formed by Greylock. Mr. Strohm is also a director of EMC and was a director of LEGATO Systems, Inc. from its founding in 1988 until its acquisition by EMC in October 2003.

Board of Directors

Our board of directors is currently composed of six members. The board of directors will be divided into two groups, Group I and Group II. Each director elected by the holders of Class B common stock, voting separately as a class, will be designated Group I Members. The remaining directors will be designated Group II Members. Upon completion of this offering, Group I Members will constitute at least 80% of our board of directors. The board of directors will consist of at least five Group I Members and one Group II Member.

Upon the completion of this offering, the board of directors will be further divided into three classes, with each class serving for a staggered three-year term. The board of directors will consist of two class I directors, two class II directors; and two class III directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the class I directors, class II directors and class III directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders held during the calendar years 2008, 2009 and 2010, respectively. On the later of the closing of the investment, and the earlier of the completion of this offering and September 30, 2007, our board of directors will appoint a new board member, an Intel executive to be designated by Intel and acceptable to our board. At that time, our board of directors will increase the size of the board pursuant to the provisions of our certificate of incorporation.

A company of which more than 50% of the voting power is held by a single entity is considered a "controlled company" under the New York Stock Exchange standards. A controlled company need not comply with the applicable New York Stock Exchange corporate governance rules requiring its board of directors to have

a majority of independent directors and independent compensation and corporate governance and nominating committees. Because more than 50% of the voting power of our company will be held by EMC immediately following this offering, we will qualify as a "controlled company" under the rules of the New York Stock Exchange. Immediately following this offering, we will avail ourselves of the controlled company exception provided under those rules. However, we plan to voluntarily comply with the requirement that we have an independent compensation and corporate governance committee. We are not required to maintain compliance with these requirements. In the event that we are no longer a controlled company, we will be required to have a majority of independent directors on our board of directors and to have compensation and corporate governance and nominating committees that are composed entirely of independent directors, subject to a phase-in period during the first year we cease to be a controlled company.

Committees of the Board of Directors

Audit Committee

Our Audit Committee consists of Messrs. Brown, Goulden and Egan. Mr. Brown is the chair of the committee. Messrs. Brown and Goulden are our Audit Committee financial experts. The New York Stock Exchange corporate governance rules require that each issuer has an audit committee of at least three members, and that one independent director (as defined in those rules) be appointed to the audit committee at the time of listing, a majority within 90 days after listing and the entire committee within one year after listing. Mr. Brown is an independent director. We intend to modify the composition of the committee as needed to continue to comply with those rules.

Our Audit Committee will assist with board oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditor's qualifications and independence and the performance of our internal audit function and independent auditor and prepares the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in our proxy statement. Our board of directors will adopt a written charter for the Audit Committee, which we will make available on our website.

Compensation and Corporate Governance Committee

Our Compensation and Corporate Governance Committee consists of Messrs. Brown and Strohm, each an independent director. Our Compensation and Corporate Governance Committee will recommend compensation for non-employee directors, evaluate and set compensation for the Chairman of our board of directors, our executive officers and monitor all general compensation programs. Subject to the terms of our compensation plans and the consent of the holders of our Class B common stock to the aggregate size of the annual equity award pool pursuant to the terms of our certificate of incorporation, our Compensation and Corporate Governance Committee will have complete discretion to determine the amount, form, structure and implementation of compensation payable to our employees and executive officers, including, where appropriate, discretion to increase or decrease awards or to award compensation absent the attainment of performance goals and to award discretionary cash compensation outside of the parameters of our compensation plans.

Our Compensation and Corporate Governance Committee will also oversee and advise the board of directors with respect to corporate governance matters, assist the board of directors in identifying and recommending qualified candidates for nomination to the board of directors, make recommendations to the board of directors with respect to assignments to committees of the board of directors and oversee the evaluation of the board of directors.

Mergers and Acquisitions Committee

Our Mergers and Acquisitions Committee consists of Ms. Greene and Messrs. Egan, Goulden, Strohm and Tucci. Mr. Egan is the chair of the committee. Our Mergers and Acquisitions Committee reviews with our management potential acquisitions, divestitures and investments.

Director Compensation

On June 29, 2007, we granted 40,000 options to purchase shares of our Class A common stock to each of Michael W. Brown, John R. Egan and David N. Strohm, our non-employee directors. We have not paid any other compensation to members of our board of directors for their services as directors. After completion of this offering, our non-employee directors will receive an annual board retainer of $40,000. In addition, the chairperson of the Audit Committee will receive additional annual compensation of $25,000, and each other member of the Audit Committee will receive additional annual compensation of $12,500. The chairperson of the Compensation and Corporate Governance Committee and the chairperson of the Mergers and Acquisitions Committee will each receive additional annual compensation of $20,000, and each other member of these committees will receive additional annual compensation of $10,000. We will also reimburse our directors for reasonable expenses in connection with attendance at board and committee meetings.

Stock Ownership of Directors & Executive Officers

All of our outstanding common stock is currently owned by EMC and none of our officers or directors beneficially owns any shares of our common stock other than options granted to our non-employee directors on June 29, 2007. The following table sets forth information as of June 15, 2007 with respect to the beneficial ownership of EMC common stock by each of our directors and executive officers, and all of our directors and executive officers as a group. To our knowledge, except as indicated in the footnotes to this table or as provided by applicable community property laws, the persons named in the table have sole investment and voting power with respect to the shares of common stock indicated.

Name	Number of Shares of EMC Common Stock Beneficially Owned(1)	Percent of Outstanding Shares
Diane B. Greene(2)	1,136,154	*
Carl M. Eschenbach(3)	134,718	*
Mark S. Peek	0	*
Rashmi Garde(4)	53,520	*
Thomas J. Jurewicz(5)	112,003	*
Joseph M. Tucci(6)	8,889,205	*
Michael W. Brown(7)	40,000	*
John R. Egan(8)	2,160,594	*
David I. Goulden(9)	1,928,941	*
David N. Strohm(10)	731,176	*
Paul Auvil**	19,275	*
All directors and executive officers as a group (11 persons)(11)	15,205,586	*

* Less than 1%.

** Our former chief financial officer.

(1) All amounts shown in this column include shares obtainable upon exercise of stock options currently exercisable or exercisable within 60 days of the date of this table, including, in the case of our executive officers, options which are eligible to be tendered in the exchange offer.

(2) Ms. Greene is deemed to own 620,000 of these shares by virtue of options to purchase these shares, which options are eligible to be exchanged in the exchange offer.

(3) Mr. Eschenbach is deemed to own 3,885 of these shares by virtue of options to purchase these shares, which options are eligible to be exchanged in the exchange offer.

(4) Ms. Garde is deemed to own 9,000 of these shares by virtue of options to purchase these shares, which options are eligible to be exchanged in the exchange offer.

(5) Mr. Jurewicz is deemed to own 74,194 of these shares by virtue of options to purchase these shares, which options are eligible to be exchanged in the exchange offer.

(6) Mr. Tucci is deemed to own 6,850,000 of these shares by virtue of options to purchase these shares.
(7) Mr. Brown is deemed to own 10,000 of these shares by virtue of options to purchase these shares.
(8) Mr. Egan is deemed to own 90,000 of these shares by virtue of options to purchase these shares.
(9) Mr. Goulden is deemed to own 1,390,000 of these shares by virtue of options to purchase these shares.
(10) Mr. Strohm is deemed to own 85,200 of these shares by virtue of options to purchase these shares.
(11) Includes 9,132,279 shares of EMC common stock beneficially owned by all executive officers and directors as a group by virtue of options to purchase these shares. Excludes shares as to which such individuals have disclaimed beneficial ownership.

The address of each director and executive officer is: c/o VMware, Inc., 3401 Hillview Avenue, Palo Alto, CA 94304. The business telephone number of each director and executive officer is (650) 427-5000.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a director or member of a compensation committee of any other entity that has an executive officer serving as a member of our board of directors.

COMPENSATION DISCUSSION AND ANALYSIS

Named Executive Officers

Our named executive officers are Diane B. Greene, President and Chief Executive Officer; Thomas J. Jurewicz, Vice President of Finance; Carl M. Eschenbach, Executive Vice President of Worldwide Field Operations; Rashmi Garde, Vice President and General Counsel; and Paul Auvil, former Chief Financial Officer. These individuals are referred to as the "Named Executive Officers." Mr. Auvil voluntarily terminated employment on July 13, 2006.

Background

Prior to June 2007, the elements of the compensation of the Named Executive Officers were determined or approved by EMC. Accordingly, certain elements of the compensation payable to VMware employees, including the Named Executive Officers, relate to compensation arrangements designed by EMC prior to June 2007. These compensation arrangements, as well the compensation arrangements we have adopted since June 2007 and expect to adopt and maintain in the future, are discussed below. Our Compensation Committee may adopt new arrangements or alternative arrangements following this offering in addition to those discussed below.

Objectives of our Executive Compensation Program

It is expected that the objectives of our executive compensation program will be:

- to motivate our executives to achieve our strategic, operational and financial goals;
- to reward superior performance;
- to attract and retain exceptional executives; and
- to align the interests of our executives and our stockholders.

To achieve these objectives, our Compensation and Corporate Governance Committee is expected to implement and maintain compensation plans that tie a substantial portion of our executive compensation to the achievement of pre-determined performance goals and the price of our Class A common stock. Our Compensation Committee may adopt other arrangements as it may determine from time to time to best meet our compensation objectives.

Elements of our Executive Compensation Program

Overview of Compensation Setting Process

Prior to June 2007, compensation for Ms. Greene, who is also an executive officer of EMC, was determined by EMC's Compensation Committee. Except as noted below, compensation for Ms. Greene was determined by evaluating her role and responsibility and the competitive marketplace. EMC's Compensation Committee did not "benchmark" Ms. Greene's compensation to any particular level against the compensation paid by peer groups, but it did compare the elements of her compensation to the competitive marketplace since it reviewed the compensation paid to similarly situated executives at peer group companies. For more information on the peer group that was considered in setting Ms. Greene's compensation, see "Peer Group" below.

In setting Ms. Greene's compensation, the EMC Compensation Committee also compared the relative weightings of her base salary, cash incentive bonus opportunities and long-term equity grants and typically placed a strong emphasis on the cash bonus and equity components of the program. In 2006, base salary and cash bonus each represented 50% of her annual compensation opportunity. In a typical year, her long-term equity incentives would represent 80% to 90% of her annual compensation opportunity. In 2006, EMC did not grant any long-term equity incentives to the Named Executive Officers, other than Messrs. Jurewicz and Eschenbach, in light of the long-term equity incentives granted in 2005.

With respect to the Named Executive Officers other than Ms. Greene, EMC's Compensation Committee was not directly involved in setting their compensation, but did approve the equity awards granted to them by EMC. Prior to the constitution of our Compensation and Corporate Governance Committee in June 2007, Ms. Greene, together with EMC's and VMware's human resources departments, determined the compensation levels of these Named Executive Officers by evaluating each Named Executive Officer's role and responsibility and the competitive marketplace. The competitive marketplace for these individuals was determined by comparing the compensation of these individuals to the compensation payable to similarly situated employees with reference to survey data compiled for North American high technology companies with revenues of between $1 billion and $3 billion, North American software companies with revenues in excess of $1 billion and high technology and software companies in the San Francisco Bay area with revenues in excess of $1 billion. Although survey data was reviewed, compensation was not "benchmarked" to any particular level. In 2006, as in prior years, a strong emphasis was placed on the cash bonus and equity components of the compensation payable to these executives, but salary generally represents a larger portion of their overall compensation than in the case of Ms. Greene.

Peer Group

EMC's Compensation Committee, with the assistance of its independent compensation consultant, Watson Wyatt Worldwide ("Watson Wyatt"), reviewed compensation from published technology industry surveys and from EMC's peer group companies for purposes of comparing EMC's executive compensation program with market practices. For 2006, EMC's compensation peer group companies consisted of 20 companies: Accenture Ltd., Adobe Systems Incorporated, Analog Devices, Inc., Cisco Systems, Inc., CA, Inc., Computer Sciences Corporation, Dell Inc., Electronic Data Systems Corporation, Google Inc., Hewlett-Packard Company, Intel Corporation, International Business Machines Corporation, Microsoft Corporation, Network Appliance, Inc., Oracle Corporation, Perot Systems Corporation, Seagate Technology, Sun Microsystems, Inc., Symantec Corporation, and Yahoo! Inc.

To select the peer group companies, EMC, in consultation with Watson Wyatt, chose companies which compete for talent within EMC's labor markets and which are primarily high technology companies with one or more of computer hardware, computer software or technology professional services businesses. The peer group companies are reviewed and approved by EMC's Compensation Committee. The majority of the peers ranged in size from one-half to three times EMC's size with respect to revenues, market capitalization and/or employee population. With respect to decisions pertaining to compensation paid to Ms. Greene, particular attention was paid by the EMC Compensation Committee to the software companies in the peer group.

EMC reviewed the executive compensation practices of the peer group companies in order to inform the EMC Compensation Committee's decisions with respect to EMC's executive compensation program. The EMC Compensation Committee did not base its compensation decisions with respect to compensation payable to Ms. Greene on any particular "benchmark" of compensation against that paid by its peer group or any other companies. Our Compensation and Corporate Governance Committee, which is in the process of selecting an independent compensation consultant, may select different peer group companies from those selected by EMC and may or may not choose to "benchmark" compensation at any particular level relative to peer companies.

Base Salary

In general, base salaries for the Named Executive Officers are determined by evaluating the responsibilities of the executive's position, the executive's experience and the competitive marketplace. The competitive marketplace was determined with the use of survey data, as described under "Overview of the Compensation Setting Process." Future base salary adjustments are expected to take into account changes in the executive's responsibilities, the executive's performance and changes in the competitive marketplace. Effective January 1, 2007, Mr. Jurewicz's salary was increased by $5,000 and Ms. Garde's base salary was increased by $7,500 in light of the factors described above.

Cash Bonus Plans

The Named Executive Officers, as well as many of our employees, participate in our Company Bonus Program, or the Bonus Program. The annual target bonus opportunity under the Bonus Program has two components, the Revenue and Profit Contribution Plan and the Management by Objectives Plan, or MBO. Although we do not specifically "benchmark" compensation at any particular level relative to our peer companies, we rely on survey data (including data on base salaries, bonus and on-target earnings to position our total compensation, including the variable compensation component (i.e., incentive bonus awards), at levels that are competitive with aggregate compensation provided to executives in similar positions at companies with comparable revenue levels and within comparable geographic areas and industries. Generally, 50% of a Named Executive Officer's aggregate bonus opportunity is tied to the achievement of the Company's goals under the Revenue and Profit Contribution Plan (or, in Mr. Eschenbach's case, the goals under the bookings compensation arrangement) and 50% of the aggregate bonus opportunity is tied to the achievement of the executive's goals under the MBO. However, for Ms. Greene, 75% of her aggregate bonus opportunity is tied to the achievement of the goals under the Revenue and Profit Contribution Plan and 25% of her aggregate bonus opportunity is tied to the achievement of her goals under the MBO.

Revenue and Profit Contribution Plan

Bonus opportunities under the Revenue and Profit Contribution Plan are directly linked to our revenue goals and our profit contribution goals. Profit contribution is calculated by taking GAAP operating profit, and adding back or subtracting, as the case may be, amounts relating to stock-based compensation, certain charges from EMC, amortization of intangibles, including in process research and development charges, and the net impact of the cash elements of capitalized software development costs calculated pursuant to SFAS 86. Bonuses are payable based upon our achievement of both revenue and profit contribution targets for the first and second halves of each year. Revenue and profit contribution were chosen as the metrics under this plan because these are key metrics that drive our business. If a minimum of 80% of each of the targets is not achieved for each 6-month performance period, no bonuses are payable out under the Revenue and Profit Contribution Plan. In addition, as set forth in greater detail below, for all of our Named Executive Officers, including Mr. Eschenbach, if a minimum of 80% of each of the revenue and profit contribution targets is not achieved for each six-month performance period, no MBO bonuses are paid.

Bonus payments under the plan are determined by multiplying a participant's bonus target by one-half of the sum of the plan's revenue factor and profit contribution factor. The revenue factor is determined by dividing the revenue performance by the revenue target, except that the revenue factor is increased by 2.5% for every 1% by which the revenue target is exceeded. The profit contribution factor is determined by dividing the profit contribution performance by the profit contribution target. The maximum revenue factor and profit contribution factor are each 150% of the applicable target, such that the maximum amount of bonus payments would be made if actual performance equals or exceeds 150% of target. The first half revenue and profit contribution targets for 2006 under the Revenue and Profit Contribution Plan were $257,400,000 and $67,600,000, respectively; the second half revenue and profit contribution targets for 2006 were $337,530,000 and $82,410,000, respectively. Ms. Greene's target cash bonus opportunity under the Revenue and Profit Contribution Plan was $262,500 for 2006, with $131,250 for each of the first and second halves; Ms. Greene received a first half payment of $165,783 because VMware achieved 112.1% of its revenue target and 122.4% of its profit contribution target for the first half of 2006; Ms. Greene received a second half payment of $196,426 because VMware achieved 124.6% of its revenue target and 149.3% of its profit contribution target for the second half of 2006. Bonuses payable under the Revenue and Profit Contribution Plan were calculated in the same manner for the other Named Executive Officers who participated in the plan, except that Mr. Auvil's first half 2006 bonus was capped at his first half target bonus under the plan. The bonus opportunity for the first and second halves of 2006 were equal to the 50% of the annual targets for 2006 for each of the Named Executive Officers who participated in the Revenue and Profit Contribution Plan.

The bonuses earned under this program for 2006 are set forth in the "Summary Compensation Table" (Non-Equity Incentive Plan Compensation Earnings) and, as noted above, represent achievement of more than 100% of

the profit contribution target and the revenue target for 2006. The threshold, target and maximum bonus opportunities for each of the Named Executive Officers for 2006 are set forth in the table entitled "Grants of Plan Based Awards."

Mr. Auvil was not eligible for a second-half bonus as a result of his voluntary termination of employment in July 2006. Mr. Eschenbach does not participate in the Revenue and Profit Contribution Plan portion of the Bonus Program since he participates in a revenue bookings compensation arrangement, as described below.

The 2007 annual bonus opportunity for each of the Named Executive Officers who participate in the Revenue and Profit Contribution Plan are unchanged from 2006, except that the revenues and profit contribution targets have been increased substantially for 2007. These targets have been set in connection with EMC's board of directors' consideration and approval of our 2007 annual operating plan.

Management by Objectives Plan

The MBO provides many of our employees, including our Named Executive Officers, with the opportunity to earn first- and second-half cash bonuses contingent upon corporate achievement of revenue and profit contribution targets and individual achievement of performance goals over the same period. The primary purpose of the MBO is to focus our employees on the completion of goals that will help us achieve our long-term strategic objectives. For each of our Named Executive Officers, including Mr. Eschenbach, the funding of the MBO for 2006 and 2007 is tied to the achievement of the revenue and profit contribution targets under the Revenue and Profit Contribution Plan.

Performance of at least 80% of each of the revenue and profit contribution targets under the Revenue and Profit Contribution Plan is required in order for the MBO to be funded. Additionally, achievement of at least 80% of the MBO goals is required to receive the threshold level of MBO bonus; if the executive achieves performance at or above the 80% threshold level, but less than the target level of performance, the executive's MBO bonus payment will be equal to the corresponding percentage of the target MBO amount. The number of goals that may be assigned under the MBO for each six-month period can vary, as well as the relative weighting assigned to the goals. The number of individual performance goals assigned to the Named Executive Officers in the first and second halves of 2006 varied, but typically between four and eight individual performance goals were assigned in each six-month period. Individual performance goals pertained to product development, expanding market opportunities, developing strategic relationships with other companies, the performance of the group or area over which the Named Executive has authority and specific financial objectives.

Except as noted below, each of our Named Executive Officers received their target bonuses for the first and second halves of 2006 under the MBO because they achieved all of their individual performance goals and because the MBO was fully funded as the revenue and profit contribution targets under the Revenue and Profit Contribution Plan were exceeded. Mr. Auvil received a payment equal to 80% of his first-half target since not all of his individual performance goals were achieved. Mr. Auvil was not eligible for a second-half bonus given his termination of employment in July of 2006.

Although achievement of the MBO goals for each of the Named Executive Officers requires significant and sustained effort, it is expected that individual performance goals under the MBO will be achieved by the Named Executive Officers and, historically, these goals have been achieved by the Named Executive Officers.

Bookings Compensation Arrangement

Mr. Eschenbach also participates in our worldwide bookings compensation arrangement under which he is eligible to receive commissions based on bookings in the first and second halves of each year. For the first half of 2006, Mr. Eschenbach could earn a commission of $61,250 if target bookings were achieved, which reflected a commission rate determined as the ratio of the target bonus commission divided by the bookings target for the 6-month performance period (the "Commission Rate"). For performance in excess of the first-half bookings target and up to 110% of the first-half target, the Commission Rate was doubled for all bookings in excess of 100% of target, and for performance in excess of 110% of target, the Commission Rate was tripled for all bookings in excess of 110% of target. Since bookings in the first half of 2006 exceeded the target, Mr. Eschenbach received a first-half payment $67,545. For the second half of 2006, Mr. Eschenbach could earn a commission of $61,250 if target bookings for the second half of 2006 were achieved and could also receive increased commissions for performance in excess of target, as described above. Since bookings in excess of the second half target were achieved in the second half of 2006, Mr. Eschenbach received a second half payment $129,736. There is no maximum payout under the arrangement because the commission bonus is tied to revenue bookings which are not capped. The bookings targets were set in connection with EMC's board of directors' consideration and approval of our operating plan for 2006. Mr. Eschenbach's targets were set at levels which, in the board's view, could probably be achieved with sustained effort. Mr. Eschenbach's bookings targets were challenging, and though viewed as achievable, were by no means certain to be achieved, particularly in light of the high rates of growth which we have experienced over the recent number of years, resulting in a higher degree of uncertainty as to whether those same rates of growth can be achieved in the future.

Mr. Eschenbach also received a discretionary bonus in the amount of $112,500 from EMC's Chief Executive Officer in recognition of his strong performance in 2006.

The design of Mr. Eschenbach's revenue bookings compensation arrangement for 2007 is generally unchanged, except that: (i) effective April 1, 2007, Mr. Eschenbach can earn first and second commissions of $100,000 if the applicable bookings targets are achieved and (ii) the bookings targets have been increased substantially. The Compensation and Governance Committee approved the increase in the amount of commissions which could be earned by Mr. Eschenbach if he achieves the new bookings targets established under our 2007 operating plan to ensure that his cash compensation opportunity is commensurate with the competitive market and appropriately reflects his contributions and leadership in driving VMware's strong financial performance, while continuing to require significant effort to achieve the bookings targets and targeted bonus payout.

Long-Term Equity Incentives

We believe strongly that equity awards will align the interests of our employees with those of our stockholders. To facilitate this alignment, our board of directors adopted the 2007 Equity and Incentive Plan on June 5, 2007 and has authorized the exchange offer, which will allow our eligible employees to tender restricted EMC stock or vested and unvested EMC options for restricted VMware stock or unvested VMware options, respectively.

In June and July 2007, we made broad-based equity awards to our employees to help us achieve our strategic objectives by:

- motivating our employees, including the Named Executive Officers, to achieve our financial goals;
- promoting retention through the use of multi-year vesting schedules; and
- aligning the interests of our employees, including the Named Executive Officers, with our stockholders because the value of our equity awards will be tied to increases in the value of our Class A common stock.

Our employees, including the Named Executive Officers, have also been granted EMC stock options, EMC restricted stock and EMC performance-accelerated restricted stock, or PARs. In 2006, the only Named Executive Officers to receive equity awards from EMC were Messrs. Jurewicz and Eschenbach. EMC has not granted any equity awards in 2007 to the Named Executive Officers in light of the adoption of our 2007 Equity and Incentive Plan.

The stock options granted by EMC to our Named Executive Officers vest at the rate of 20% per year on each of the first five anniversaries of the grant date, subject to the recipient's continued employment. The stock options were granted with an exercise price equal to the underlying value of EMC stock on the date of grant. In 2006, Mr. Jurewicz was granted an option to purchase 20,000 shares. In 2006, Mr. Eschenbach was granted a stock option to purchase 125,000 shares and a restricted stock award covering a total of 125,000 shares. Subject to continued service, one-third of the restricted shares will vest on each of the first three anniversaries of the date of grant. Mr. Eschenbach was granted these equity awards in light of retention concerns and in recognition of his responsibilities and performance.

In 2004, the only Named Executive Officer to be granted PARs was Ms. Greene. EMC granted PARs to all of the Named Executive Officers in 2005. The PARs granted by EMC to the Named Executive Officers and to our other employees vest on the fifth anniversary of their grant date, subject to the continued employment of the award recipient. A portion of the PARs may vest at an accelerated rate, generally with respect to one-third or one-quarter of the underlying shares in each of the first three or four years following grant, if annual performance goals are met. In 2004, Ms. Greene was granted 137,500 PARs. The EMC Compensation Committee approved the accelerated vesting of one-third of these PARs in respect of 2006 performance since we achieved the combined first- and second-half targets under the Revenue and Profit Contribution Plan.

The PARS granted in 2005 to the Named Executive Officers required VMware to achieve profit contribution, defined as net income before taxes, interest expense and amortization of intangible assets, of $143 million and revenue of $500 million in 2006 in order for the 2006 tranche of the award to vest on an accelerated basis. These goals were established in 2005. Since these targets were achieved, the 2006 tranche of these awards vested on an accelerated basis. In the case of Mr. Eschenbach, the accelerated vesting of 30,000 of the PARs granted to him in 2005 were subject to EMC's achievement of earnings per share targets. Since EMC achieved its 2006 earnings per share target of 63 cents, the 2006 tranche of this award vested on an accelerated basis.

As described below under "Exchange Offer," VMware employees may tender their EMC equity awards for VMware equity awards. Through May 2007, the terms and conditions and the size of the equity awards granted to the Named Executive Officers were approved or determined by EMC. Since June 2007, the terms and conditions and the size of VMware equity awards have been, and in the future will be, determined or approved by our Compensation and Corporate Governance Committee, subject to the consent of the holders of our Class B common stock to the aggregate size of the annual equity award pool pursuant to our certificate of incorporation.

2007 Equity and Incentive Plan

Our board of directors adopted the 2007 Equity and Incentive Plan on June 5, 2007. The plan is a comprehensive incentive compensation plan which permits us to grant both equity-based and non-equity based compensation awards to employees and independent contractors of VMware and its subsidiaries, to certain employees of EMC who are assigned to perform services exclusively for VMware and to our directors. The purpose of the plan is to attract, motivate and retain such persons and to encourage stock ownership by such persons, thereby aligning their interest with those of our stockholders.

Awards under the 2007 Equity and Incentive Plan may be in the form of stock options (either incentive stock options or non-qualified stock options), or other stock-based awards, including awards of restricted stock,

restricted stock units and stock appreciation rights. The plan also provides for the grant of cash-based awards. The following is a summary of the principal types of awards available under the plan:

- *Stock Options.* Stock options represent the right to purchase shares of our Class A common stock within a specified period of time at a specified price. The exercise price for a stock option will be not less than 100% of the fair market value of the common stock on the date of grant. Stock options will have a maximum term of ten years from the date of grant. Stock options granted may include those intended to be "incentive stock options" within the meaning of Section 422 of the Code.
- *Restricted Stock and Restricted Stock Units.* Restricted stock is a share of our Class A common stock that is subject to a risk of forfeiture or other restrictions that will lapse subject to the recipient's continued employment or the attainment of performance goals. Restricted stock units represent the right to receive shares of our Class A common stock in the future (or cash determined by reference to the value of our Class A common stock), with the right to cash or future delivery of the shares also subject to the recipient's continued employment or the attainment of performance goals.
- *Stock Appreciation Rights.* Stock appreciation rights entitle the holder upon exercise to receive cash or shares of our Class A common stock having a value equal to the excess of (i) the value of the number of shares with respect to which the right is being exercised (which value is based on fair market value at the time of such exercise) over (ii) the exercise price applicable to such shares. The exercise price for a stock appreciation right will be not less than 100% of the fair market value of our Class A common stock on the date of grant.
- *Other Stock-Based or Cash-Based Awards.* Our Compensation and Corporate Governance Committee will be authorized to grant awards in the form of other stock-based awards or other cash-based awards, as deemed to be consistent with the purposes of the 2007 Equity and Incentive Plan. The maximum value of the aggregate payment with respect to cash-based awards under the 2007 Equity and Incentive Plan in respect of an annual performance period is $5 million.

The maximum number of shares reserved for the grant or settlement of awards under the 2007 Equity and Incentive Plan is 80 million, and not more than 3 million shares may be granted to any plan participant under the plan in any twelve-month period, subject in each case to adjustment in the event of a dividend or other distribution, recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange or other similar corporate transaction. In addition to the shares referenced in the preceding sentence, the shares subject to awards granted pursuant to the exchange offer (described below) will be issued under the plan. Any shares subject to awards which are cancelled, forfeited or otherwise terminated or satisfied without the issuance of shares will again be available for grants under the plan.

Our Compensation and Corporate Governance Committee administers the 2007 Equity and Incentive Plan. The Compensation and Corporate Governance Committee has the ability to: select individuals to receive awards; select the types of awards to be granted; determine the terms and conditions of the awards, including the number of shares, the purchase price of the awards, and restrictions and performance goals relating to any award; establish the time when the awards and/or restrictions become exercisable, vest or lapse; determine whether options will be incentive stock options; and make all other determinations deemed necessary or advisable for the administration of the plan. The Compensation and Corporate Governance Committee may grant awards which, in the event of a "change in control" of VMware, become fully vested and exercisable.

Under the 2007 Equity and Incentive Plan, awards are generally non-transferable other than by will or by the laws of descent and distribution. However, our Compensation and Corporate Governance Committee in its sole discretion may grant transferable nonqualified stock options that upon becoming fully vested and exercisable may be transferred to a third-party pursuant to an auction process approved or established by VMware.

Our board of directors may amend, alter or discontinue the 2007 Equity and Incentive Plan, but no amendment, alteration or discontinuation will be made that would impair the rights of a participant under any

award granted without such participant's consent. In addition, stockholder approval may be required with respect to certain amendments, due to stock exchange rules or requirements of applicable law. The 2007 Equity and Incentive Plan, unless sooner terminated by our board of directors, will remain in effect through the tenth anniversary of its adoption.

In anticipation of becoming a public company, in June and July 2007, our Compensation and Corporate Governance Committee made broad-based grants to our employees of options to purchase 35,679,411 shares of Class A common stock with an exercise price of $23.00 per share and issued 452,676 restricted stock units under the 2007 Equity and Incentive Plan. Subject to continued employment, 25% of the stock options will vest on the first anniversary of the grant date and the remaining 75% of the stock options will vest in equal monthly installments thereafter over three years. Our active Named Executive Officers, as well as Mr. Peek, our Chief Financial Officer, received the following stock option grants:

Name	Shares Subject to Stock Options
Diane B. Greene	1,000,000
Carl M. Eschenbach	350,000
Mark S. Peek	250,000
Rashmi Garde	200,000
Thomas J. Jurewicz	100,000

Additionally, on June 29, 2007, we granted 40,000 options to purchase shares of our Class A common stock with an exercise price of $23.00 per share to each of Michael W. Brown, John R. Egan and David N. Strohm, our non-employee directors. The stock options are immediately exercisable upon grant and will terminate if not exercised within one year of the grant date. Shares acquired upon exercise of these options will be subject to our right of repurchase at the per share exercise price if the director terminates service other than for death or disability. The repurchase right will lapse with respect to one-third of the shares on each of the first three anniversaries of the grant date.

Exchange Offer

In connection with the offering, we are conducting a voluntary exchange offer pursuant to which we are offering our eligible employees the ability to exchange their existing EMC options and restricted stock for options to purchase our Class A common stock and restricted Class A common stock, respectively, at an exchange ratio based upon EMC's two-day weighted average trading price prior to the consummation of this offering and the initial public offering price of our Class A common stock. The exchange ratio is designed to preserve the intrinsic value of the tendered EMC awards. In this prospectus, we refer to this voluntary exchange offer as the "exchange offer." We are making the exchange offer to eligible employees for compensatory purposes. Our board of directors believes that ownership by our employees of options to purchase our Class A common stock and restricted Class A common stock received in the exchange offer will serve as an effective tool to encourage stock option and restricted stock recipients to act in the VMware stockholders' interest by enabling the option recipients to have an economic stake in our success.

We expect to commence the exchange offer on such date as to cause the exchange offer to expire concurrently with the pricing of shares in this offering. We believe that the proposed timing of the exchange offer relative to this offering, such that the initial value of the VMware options and restricted stock received by eligible employees in the exchange offer will be based upon the initial offering price of shares in this offering, will advance the compensatory objectives of the exchange offer and that tying equity compensation to the initial offering price of shares will provide eligible employees a strong incentive to participate in our potential growth from the time we become a public company.

All of our employees in the United States who hold EMC options and EMC restricted stock will be eligible to participate in the exchange offer. As of June 30, 2007, there were approximately 1,900 employees who would be eligible to participate in the exchange offer. Based on an assumed initial public offering price of $24.00 per

share (the midpoint of the range set forth on the cover page of this prospectus) and an assumed EMC two-day weighted average trading price of $18.00 (which is representative of recent trading prices of EMC stock), a maximum of approximately 13.6 million shares of our Class A class common stock underlying options or in the form of restricted stock awards granted would be issued pursuant to the exchange offer, if all eligible employees tendered all of their EMC options and EMC restricted stock. The VMware awards will be governed by the terms of the 2007 Equity and Incentive Plan and generally the terms of the original EMC stock option or restricted stock agreement under which they were granted. VMware employees who elect not to tender securities in the exchange offer will continue to hold their EMC options and EMC restricted stock, which will remain subject to the terms of the applicable grant.

Employee Stock Purchase Plan

On June 5, 2007, our board of directors adopted an employee stock purchase plan that is intended to be qualified under Section 423 of the Code. A total of 6,400,000 shares of our Class A shares was reserved for issuance under the plan. Under the plan, our employees will be able to purchase shares at the lower of 85% of the fair market value of the stock at the time of grant or 85% of the fair market value at the time of exercise. Options to purchase shares will first be granted under our employee stock purchase plan on the date this offering is consummated and will be exercisable on December 31, 2007. Thereafter, options to purchase shares will be granted twice yearly, on or about January 1 and July 1, and will be exercisable on or about the succeeding June 30 or December 31.

Retirement Benefits

Our employees, including our Named Executive Officers, are not provided with a defined benefit pension plan or any supplemental executive retirement plans, nor do we or EMC provide the Named Executive Officers with retiree health benefits. Our employees, including our Named Executive Officers, currently may participate in EMC's 401(k) plan. This plan provides for a matching contribution of 6% of the employee's contribution, up to a maximum of $3,000 per year. The 401(k) plan is provided as a standard element of compensation in the marketplace, designed to assist employees with retirement savings in a tax-advantaged manner. A matching contribution is made to attract and retain employees and because it provides an additional incentive for employees to save for retirement. It is expected that shortly after the consummation of the offering we will adopt a 401(k) plan for our employees and this plan will be similar in design to EMC's 401(k) plan.

Perquisites

Except for reimbursing moving expenses and providing for temporary relocation expenses, we do not provide any perquisites to our Named Executive Officers. These limited perquisites are provided to attract executives to Palo Alto given the high cost of relocating to the Palo Alto area.

Post-Termination Compensation

Except for Mr. Jurewicz, who is entitled to a severance payment equal to three months of his annual salary if his employment is terminated without cause, we do not have "change in control" agreements or any severance agreements with our Named Executive Officers that provide for benefits upon termination of employment or upon a change in control. However, death benefits are provided to our employees by EMC, and EMC equity awards granted to our employees will vest in event of death, disability or retirement. In addition, EMC equity awards held by our employees will vest in accordance with EMC's 2003 Stock Plan in limited circumstances, such as where EMC is liquidated or dissolved, or if EMC is not the surviving corporation to a merger and the surviving corporation does not issue replacement awards.

Tax Deductibility

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation greater than $1 million paid for any fiscal year to the corporation's chief executive officer and four other most highly compensated executive officers as of the end of any fiscal year. However, performance-based compensation is not subject to the $1 million deduction limit if certain requirements are met. Our Compensation and Corporate Governance Committee may consider the impact of Section 162(m) when designing our cash and equity bonus programs, but may elect to provide compensation that is not fully deductible as a result of Section 162(m) if it determines this is in our best interests.

Hedging Policy

We have adopted a policy prohibiting any of our directors or employees, including the Named Executive Officers, from "hedging" their ownership in shares of our common stock or other equity-based interests in us, including by engaging in short sales or trading in derivative securities relating to our common stock.

Allocation Between Forms of Compensation

In setting compensation for the Named Executive Officers, EMC does not have a formal policy for allocating a certain percentage of compensation between long-term and currently paid out compensation. However, EMC has emphasized long-term equity incentives for its key employees. These incentives represent a large portion of the compensation opportunity provided to the Named Executive Officers. We expect that our Compensation and Corporate Governance Committee will place a similar emphasis on long-term equity incentives, and like EMC, will not adopt a formal policy for allocating between cash and non-cash compensation. The Named Executive Officers did not receive any non-cash compensation from EMC in 2006 other than shares of EMC's common stock. Except for non-cash compensation payable in shares of our Class A common stock, we do not expect that non-cash compensation will make up more than a de minimis portion of the compensation payable to the Named Executive Officers.

Material New Hire

In April of 2007, we hired Mark Peek as our Chief Financial Officer at an annual base salary of $400,000 and with an annual bonus target of $225,000 under the Bonus Program. Mr. Peek received a sign-on bonus of $67,000 net of taxes and will receive relocation assistance of $7,000 per month for the first 24 months of his employment. We also agreed to grant Mr. Peek options to purchase 250,000 shares of our Class A common stock on the date of the consummation of this offering; however, since our Compensation and Corporate Governance Committee decided to grant stock options in advance of the offering, these options were granted to Mr. Peek on June 7, 2007.

In respect of equity that Mr. Peek forfeited when he left his prior employer, EMC had agreed to grant Mr. Peek EMC restricted stock awards with a value equal to the value of the stock options and restricted stock that Mr. Peek forfeited. Mr. Peek subsequently agreed that in lieu of these EMC equity awards he would instead be granted 433,216 VMware restricted stock units under the 2007 Equity and Incentive Plan. Mr. Peek's restricted stock units have terms that provide for 3-year cliff vesting, with the opportunity for one-third of the restricted stock units to vest on the first two anniversaries of the grant date if the targets under the Revenue and Profit Contribution Plan for the second half of 2007 are achieved. In addition, the restricted stock units will immediately vest if, following a change in control of VMware, Mr. Peek's employment is terminated without cause or Mr. Peek terminates his employment because his duties have been diminished such that he no longer serves as a chief financial officer of a public company. These restricted stock unit awards were granted to Mr. Peek to recruit him from his prior employer. Going forward, it is not expected that the structure or amount of his compensation will be materially different from that provided to our Named Executive Officers.

COMPENSATION OF EXECUTIVE OFFICERS

Summary Compensation Table

The table below summarizes the compensation information in respect of the Named Executive Officers for the fiscal year ended December 31, 2006. The amounts shown in the Stock Awards and Option Awards columns show the cost recognized under FAS 123R in respect of awards from prior years, not the actual amounts paid to or realized by the Named Executive Officers in 2006. For more information on FAS 123R, see footnote 1 below.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards [1] ($)	Option Awards [1] ($)	Non-Equity Incentive Plan Compen-sation [2] ($)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($)	All Other Compen-sation [3] ($)	Total ($)
Diane B. Greene President and Chief Executive Officer	2006	350,000	—	4,222,824	1,394,567	449,708	—	—	6,417,099
Thomas J. Jurewicz Vice President of Finance	2006	207,500	—	203,595	20,963	68,959	—	3,000	504,017
Carl M. Eschenbach Executive Vice President of Worldwide Field Operations	2006	355,000	112,500[4]	921,534	134,593	319,781	—	3,000	1,846,408
Rashmi Garde Vice President and General Counsel	2006	250,000	—	326,027	17,150	89,194	—	3,000	685,371
Paul Auvil [5] Former Chief Financial Officer	2006	151,875	—	58,333	37,275	49,500	—	2,250	299,233

(1) The amounts shown represent the compensation costs for financial reporting purposes of previously granted EMC stock awards and EMC stock options recognized for the year ended December 31, 2006 under FAS 123R, rather than an amount paid to or realized by the Named Executive Officer. The FAS 123R value as of the grant date for stock awards and stock options is spread over the number of months of service required for the grant to become non-forfeitable. The amount disclosed disregards estimates of forfeitures of awards that are otherwise included in the financial statement reporting for such awards. Ratable amounts expensed for stock awards and stock options that were granted in years prior to 2006 are also reflected in this column. There can be no assurance that the FAS 123R amount will ever be realized. Given his termination of employment, Mr. Auvil forfeited 150,000 shares of restricted stock and stock options for 100,000 shares.

(2) Represents incentive compensation earned for the fiscal year ended December 31, 2006 under the Bonus Program. $87,500, $22,000, $28,750, $122,500 and $37,500 was earned under the MBO component of the Bonus Program by Ms. Greene, Mr. Auvil, Mr. Jurewicz, Mr. Eschenbach and Ms. Garde, respectively. $362,208, $27,500, $40,209, and $51,694 was earned under the Revenue and Profit Contribution Plan component of the Bonus Program by Ms. Greene, Mr. Auvil, Mr. Jurewicz and Ms. Garde, respectively. Mr. Eschenbach earned $197,281 under his revenue bookings compensation arrangement. For more details on the Bonus Program, see “Compensation Discussion and Analysis—Cash Bonus Plans.”

(3) Represents a matching contribution to the EMC 401(k) plan.

(4) Represents a discretionary bonus paid to Mr. Eschenbach at the discretion of EMC’s Chief Executive Officer.

(5) Mr. Auvil voluntarily terminated employment on July 13, 2006.

Grants of Plan-Based Awards

The following table sets forth information concerning non-equity incentive plan grants to the Named Executive Officers during the fiscal year ended December 31, 2006. The non-equity incentive plans consist of the bonus plans that are described in "Compensation Discussion and Analysis—Cash Bonus Plans." The actual amounts realized in respect of the non-equity plan incentive awards in respect of the 2006 fiscal year are reported in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column. The table also sets forth information with respect to stock awards and option awards granted by EMC during the fiscal year ended December 31, 2006.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards [1]
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Diane B. Greene	N/A	70,000	87,500	87,500[2]	—	—	—	—	—	—	—
	N/A	210,000	262,500	393,750[3]							
Thomas J. Jurewicz	5/3/2006				—	—	—	—	20,000[4]	13.37	93,295
	N/A	24,900	31,125	31,125[2]							
	N/A	24,900	31,125	46,688[3]							
Carl M. Eschenbach	5/3/2006				—	—	—	125,000	125,000[5]	13.37	2,254,344
	N/A	98,000	122,500	122,500[2]							
	N/A	N/A	122,500	N/A[6]							
Rashmi Garde	N/A	30,000	37,500	37,500[2]	—	—	—	—	—	—	—
	N/A	30,000	37,500	56,250[3]							
Paul Auvil	N/A	44,000	55,000	55,000[2]	—	—	—	—	—	—	—
	N/A	44,000	55,000	82,500[3]							

(1) This column reflects the grant date fair value computed in accordance with FAS 123(R) of the stock option and restricted stock grants in this table.

(2) The amounts shown in the threshold and target columns reflect the amounts that would be paid if the individual and corporate goals were achieved in the first and second halves of 2006 under the MBO pursuant to the Bonus Program at the threshold (80%) level and at the target (100%) level. The amounts in the target and maximum columns are the same because the MBO does not provide for any additional payments for overachievement of goals. For more information on the MBO, see "Compensation Discussion and Analysis—Cash Bonus Plans."

(3) The amounts shown in the threshold, target and maximum columns reflect the minimum, target and maximum bonuses payable under the Revenue and Profit Contribution Plan pursuant to the Bonus Program for the first and second halves of 2006. The threshold payment is 80% of the target bonus payment and the maximum bonus payment is 150% of the target bonus payment. For more information on the Revenue and Profit Contribution Plan, see "Compensation Discussion and Analysis—Cash Bonus Plans."

(4) Mr. Jurewicz was granted stock options for 20,000 shares. One-fifth of these stock options will vest on the first five anniversaries of the date of grant subject to continued employment.

(5) Mr. Eschenbach was granted stock options for 125,000 shares and was granted 125,000 shares of restricted stock. One-fifth of these stock options will vest on the first five anniversaries of the date of grant subject to continued employment. One-third of the restricted shares will vest on the first three anniversaries of the date of grant, subject to continued employment.

(6) The amount shown in the target column reflects the amount that would be paid under Mr. Eschenbach's revenue bookings compensation arrangement if the target were met. There is no minimum or maximum payout under the arrangement because the bonus is tied to revenue bookings which are not subject to a floor or a cap.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning EMC stock options and EMC stock awards held by the Named Executive Officers as of December 31, 2006. The market and payout values for unvested stock awards are calculated based on a market value of $13.20 per share (the closing market price of EMC's common stock on December 29, 2006) multiplied by the number of shares subject to the award. All stock options shown in this table vest at the rate of 20% per year over the first five years of the ten-year option term, subject to the Named Executive Officer's continued employment. For more information on equity awards made to the Named Executive Officers see "Compensation Discussion and Analysis—Long-Term Equity Incentives."

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date [1]	Number of Shares or Units of Stock Held That Have Not Vested (#)	Market Value of Shares or Units of Stock Held That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Diane B. Greene	80,000	320,000[2]	—	14.49	7/22/2015	541,666[3]	7,149,991	—	—
	160,000	240,000[4]	—	12.85	10/28/2014				
	200,000	300,000[5]	—	11.19	4/29/2014				
Thomas J. Jurewicz	—	20,000[6]	—	13.37	5/3/2016	30,000[7]	396,000	—	—
	3,000	4,500[5]	—	11.19	4/29/2014				
	26,633	—	—	1.27	4/14/2013				
	12,428	—	—	1.27	5/16/2012				
	26,633	—	—	1.27	1/17/2012				
Carl M. Eschenbach	—	125,000[6]	—	13.37	5/3/2016	201,250[8]	2,656,500	—	—
	—	30,000[5]	—	11.19	4/29/2014				
	7,214	—	—	2.26	12/10/2013				
	3,700	—	—	1.27	4/14/2013				
Rashmi Garde	6,000	9,000[5]	—	11.19	4/29/2014	62,500[9]	825,000	—	—
	6,214	—	—	1.27	4/14/2013				
	12,947	—	—	1.27	3/13/2012				
	2,775	—	—	1.13	1/19/2011				
Paul Auvil	—	—	—	—	—	—	—	—	—

(1) The grant date of each stock option is ten years prior to its expiration date.
(2) One-quarter of these options will vest on each of July 22 of 2007, 2008, 2009 and 2010, subject to continued employment.
(3) Ms. Greene was granted 137,500 PARs on October 28, 2004 and 600,000 PARs on July 22, 2005. Subject to continued employment, the PARs will fully vest on the fifth anniversary of grant; provided, however, that the PARs granted in 2004 may vest at an accelerated rate with respect to one-third of the underlying shares in each of the first three years following grant if annual performance goals are met and the PARs granted in 2005 may vest at an accelerated rate with respect to one-quarter of the underlying shares in each of the first four years following grant if annual performance goals are met. On January 30, 2007, one-third of the PARs granted in 2004 vested as a result of the achievement of the underlying performance goal for 2006. On January 30, 2007, one-quarter of the PARs granted in 2005 vested due to the achievement of the performance goal for 2006. One-quarter of the PARs granted in 2005 vested prior to the end of 2006 in light of strong VMware performance in 2005 and the beta development of a new product and its availability in 2006.

(4) One-third of these options will vest on each of October 28 of 2007, 2008 and 2009, subject to continued employment.
(5) One-third of these options will vest on each of April 29 of 2007, 2008 and 2009, subject to continued employment.
(6) One-fifth of these options will vest on each of May 3 of 2007, 2008, 2009, 2010 and 2011, subject to continued employment.
(7) Mr. Jurewicz was granted 40,000 PARs on May 17, 2005. Subject to continued employment, the PARs will fully vest on the fifth anniversary of the date of grant; provided, however, that the PARs may vest at an accelerated rate with respect to one-quarter of the underlying shares in each of the first four years following grant if annual performance goals are met. On January 30, 2007, one-quarter of the PARs granted in 2005 vested due to the achievement of the performance goal for 2006. The vesting of one-quarter of the PARs granted in 2005 vested prior to the end of 2006 in light of strong VMware performance in 2005 and the beta development of a new product and its availability in 2006.
(8) Mr. Eschenbach was granted 125,000 shares of restricted stock on May 3, 2006. One-third of these shares will vest subject to continued employment on each of May 3, 2007, 2008 and 2009. Mr. Eschenbach was granted 105,000 PARs on May 17, 2005. Subject to continued employment, these PARs will fully vest on the fifth anniversary of grant; provided, however, that the 30,000 of these PARs may vest at an accelerated rate with respect to one-third of the underlying shares in each of the first three years following grant if annual performance goals are met and 75,000 of these PARs may vest at an accelerated rate with respect to one-quarter of the underlying shares in each of the first four years following grant if annual performance goals are met. One-third of the 30,000 PARs granted in 2005 vested in 2006 as a result of the achievement of the underlying performance goal for 2005 and one-quarter of the 75,000 PARs granted in 2006 vested prior to the end of 2006 in light of strong VMware performance in 2005 and the beta development of a new product and its availability in 2006.
(9) Ms. Garde was granted 50,000 PARs on May 17, 2005 and 25,000 PARs on October 17, 2005. Subject to continued employment, these PARs will fully vest on the fifth anniversary of the date of grant; provided, however, that the PARs may vest at an accelerated rate with respect to one-quarter of the underlying shares in each of the first four years following grant if annual performance goals are met. On January 30, 2007, one-quarter of the PARS granted in May and October vested due to the achievement of the performance goal for 2006. One-quarter of the PARs granted in May vested in prior to the end of 2006 in light of strong VMware performance in 2005 and the beta development of a new product and its availability in 2006.

Option Exercises and Stock Vested

The following table provides information regarding options and stock awards exercised and vested, respectively, for the Named Executive Officers during the fiscal year ended December 31, 2006.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise ($) [1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) [2]
Diane B. Greene	—	—	195,834	2,452,876
Thomas J. Jurewicz	—	—	8,000	95,780
Carl M. Eschenbach	47,189	360,438	25,000	313,588
Rashmi Garde	—	—	10,000	119,725
Paul Auvil	354,821	3,623,789	40,000	478,900

(1) Represents the difference between the exercise price and the fair market value of EMC common stock on the date of exercise for each option.
(2) Represents the fair market value of the EMC common stock on the applicable vesting date, multiplied by the number of shares of restricted stock that vested on that date.

Pension Benefits

Our employees are not provided with pension benefits.

Nonqualified Deferred Compensation

Our employees are not provided with a nonqualified deferred compensation plan.

Potential Payments Upon Termination or Change of Control

The tables below reflect the compensation and benefits due to each of the Named Executive Officers in the event of termination of employment. The compensation and benefits payable to each Named Executive Officer upon a voluntary termination, an involuntary for cause termination, an involuntary termination other than for cause, upon a change in control, a termination due to death or disability and upon the Named Executive Officer's retirement is shown below. Except for Mr. Auvil, the amounts shown assume that each termination of employment was effective as of December 29, 2006, and the fair market value of EMC's common stock was $13.20, the closing price of its common stock on the New York Stock Exchange, on that date. The amounts shown in the table are estimates of the amounts which would be paid upon termination of employment. The actual amounts to be paid can only be determined at the time of the termination of employment.

Payments and Benefits upon any Termination

Employees, including the Named Executive Officers, are entitled to receive earned and unpaid compensation upon any termination of employment. Accordingly, subject to the exceptions noted below, upon any termination of employment the Named Executive Officers will only receive accrued but unused vacation pay. In addition, except as noted below, all unvested stock awards will terminate upon any termination of employment and all stock options granted to the Named Executive Officers after January 2004, whether vested or unvested, will also terminate under EMC's 2003 Stock Incentive Plan. Stock options granted prior to January 2004, which are all vested, will remain exercisable upon a termination of employment for not less than 90 days.

Voluntary Termination

A Named Executive Officer who voluntarily terminates employment is not entitled to any benefits other than those that are paid to all employees upon any termination of employment as described above.

Involuntary Termination For Cause

A Named Executive Officer whose employment is terminated for cause is not entitled to any benefits other than those that are paid to all employees upon any termination of employment as described above.

Involuntary Termination Without Cause

Except for Mr. Jurewicz, who is entitled to a severance payment equal to three months of his annual salary if his employment is terminated without cause, the Named Executive Officers are not contractually entitled to any compensation or benefits other than those that are paid to all employees upon any termination of employment as described above. The provision of any compensation and benefits would be made at the discretion of the Compensation and Corporate Governance Committee. However, if one of our employee's employment is terminated in connection with a reduction in force, a pro rata portion of the PARs granted to the employee will vest if the performance goals are subsequently achieved. Since it is unlikely the Named Executive Officers would be terminated in connection with a reduction in force, the tables below do not include an estimate of the value of PARs that would potentially vest if the performance goals were subsequently achieved.

Change in Control

Our Named Executive Officers do not have change in control agreements. However, EMC equity awards granted to VMware employees under EMC's 2003 Stock Incentive Plan will vest if EMC is not the surviving corporation to a merger and the surviving corporation does not issue replacement awards.

Death

In addition to providing the benefits that are provided to all employees generally upon any termination of employment, upon an employee's death, the employee's survivors will continue to receive the employee's base salary for six months and we will make a $10,000 contribution to a tax-qualified education fund in respect of each of the deceased employee's minor children. In addition, for those employees who hold equity awards granted under EMC's 2003 Stock Incentive Plan, unvested stock options and stock awards will immediately vest and all options held by the employee prior to his or her death will remain exercisable for three years.

Disability

We do not have guidelines for providing compensation or benefits upon an employee's disability other than providing the benefits that are provided to all employees generally upon any termination of employment. However, for those employees who hold equity awards granted under EMC's 2003 Stock Incentive Plan, unvested stock options and stock awards will immediately vest, and all options held by any EMC employee prior to his or her termination for disability will remain exercisable for three years.

Retirement

We do not provide any retirement benefits to the Named Executive Officers, other than the matching 401(k) plan contributions of up to $3,000 per year that are provided to all employees who participate in EMC's 401(k) plan.

However, employees are generally entitled to continued vesting and exercisability with respect to their EMC equity awards if they are retirement eligible under EMC's equity plans. For this purpose, employees are eligible to retire if they voluntarily terminate employment after 20 years of service or after they have attained age 55 with five years of service and provided they give six months' advance notice. None of the Named Executive Officers are retirement eligible.

Diane B. Greene

The following table shows the potential payments and benefits that will be provided under each of the scenarios discussed above.

Element	Voluntary Termination ($)	Involuntary Termination For Cause ($)	Involuntary Termination Without Cause ($)	Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Incremental Benefits Pursuant to Termination Event							N/A
Cash Severance	—	—	—	—	175,000	—	
Tax Qualified Education Fund Contribution	—	—	—	—	20,000	—	
In-the-Money Value of Accelerated Stock Options	—	—	—	687,000	687,000	687,000	
Value of Accelerated Restricted Stock	—	—	—	7,149,991	7,149,991	7,149,991	
Total Value: Incremental Benefits	—	—	—	7,836,991	8,031,991	7,836,991	

In addition, Ms. Greene will also be entitled to exercise her vested in-the-money stock options upon any termination of employment (other than a termination for cause with respect to stock options granted after January 2004). As of December 29, 2006, these stock options had a cash value of $458,000.

Thomas J. Jurewicz

The following table shows the potential payments and benefits that will be provided under each of the scenarios discussed above.

Element	Voluntary Termination ($)	Involuntary Termination For Cause ($)	Involuntary Termination Without Cause ($)	Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Incremental Benefits Pursuant to Termination Event							N/A
Cash Severance	—	—	51,875	—	103,750	—	
Tax Qualified Education Fund Contribution	—	—	—	—	40,000	—	
In-the-Money Value of Accelerated Stock Options	—	—	—	9,045	9,045	9,045	
Value of Accelerated Restricted Stock	—	—	—	396,000	396,000	396,000	
Total Value: Incremental Benefits	—	—	51,875	405,045	548,795	405,045	

In addition, Mr. Jurewicz will also be entitled to exercise his vested in-the-money stock options upon any termination of employment (other than a termination for cause with respect to stock options granted after January 2004). As of December 29, 2006, these stock options had a cash value of $789,759.

Carl M. Eschenbach

The following table shows the potential payments and benefits that will be provided under each of the scenarios discussed above.

Element	Voluntary Termination ($)	Involuntary Termination For Cause ($)	Involuntary Termination Without Cause ($)	Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Incremental Benefits Pursuant to Termination Event							N/A
Cash Severance	—	—	—	—	177,500	—	
Tax Qualified Education Fund Contribution	—	—	—	—	30,000	—	
In-the-Money Value of Accelerated Stock Options	—	—	—	60,300	60,300	60,300	
Value of Accelerated Restricted Stock	—	—	—	2,656,500	2,656,500	2,656,500	
Total Value: Incremental Benefits	—	—	—	2,716,800	2,924,300	2,716,800	

In addition, Mr. Eschenbach will also be entitled to exercise his vested in-the-money stock options upon any termination of employment (other than a termination for cause with respect to stock options granted after January 2004). As of December 29, 2006, these stock options had a cash value of $123,062.

Rashmi Garde

The following table shows the potential payments and benefits that will be provided under each of the scenarios discussed above.

Element	Voluntary Termination ($)	Involuntary Termination For Cause ($)	Involuntary Termination Without Cause ($)	Change in Control ($)	Death ($)	Disability ($)	Retirement ($)
Incremental Benefits Pursuant to Termination Event							N/A
Cash Severance	—	—	—	—	125,000	—	
Tax Qualified Education Fund Contribution	—	—	—	—	20,000	—	
In-the-Money Value of Accelerated Stock Options	—	—	—	18,090	18,090	18,090	
Value of Accelerated Restricted Stock	—	—	—	825,000	825,000	825,000	
Total Value: Incremental Benefits	—	—	—	843,090	988,090	843,090	

In addition, Ms. Garde will also be entitled to exercise her vested in-the-money stock options upon any termination of employment (other than a termination for cause with respect to stock options granted after January 2004). As of December 29, 2006, these stock options had a cash value of $274,145.

Paul Auvil

Mr. Auvil voluntarily terminated employment with us on July 13, 2006. Mr. Auvil did not receive any benefits other than those described above under “Payments and Benefits upon any Termination.”

Indemnification Agreements and Director and Officer Insurance

We have entered into agreements to indemnify our directors and executive officers. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers. Our directors and officers are insured against certain losses from potential third-party claims for which we are legally or financially unable to indemnify them. We self-insure with respect to potential third-party claims that create a direct liability to such third party or an indemnification duty on our part. Our certificate of incorporation and our bylaws contain provisions that limit the liability of our directors. A description of these provisions is contained under the heading “Description of Capital Stock—Limitation of Liability and Indemnification Matters.”

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

We intend to adopt a policy to address the review, approval or ratification of related person transactions. An investor may obtain a written copy of this policy, once adopted, by sending a written request to VMware, Inc., 3401 Hillview Avenue, Palo Alto, CA 94304, attention: Legal Department.

Prior to this offering, we were a wholly owned subsidiary of EMC. Immediately following this offering, EMC will continue to own approximately 89% of our common stock (43% of our Class A common stock and 100% of our Class B common stock) and will control 99% of the combined voting power of our common stock. If the underwriters' over-allotment option is exercised in full, immediately following this offering, EMC will own approximately 88% of our common stock (41% of our Class A common stock and 100% of our Class B common stock) and will control 98% of the combined voting power of our common stock. EMC will continue to have the power acting alone to approve any action requiring a vote of the majority of our voting shares and to elect all our directors. In addition, until the first date on which EMC or its successor-in-interest ceases to beneficially own 20% or more of the outstanding shares of our common stock, the prior affirmative vote or written consent of EMC as the holder of our Class B common stock or its successor-in-interest will be required for us to authorize a number of significant actions, as set forth below under "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

Since our acquisition by EMC in 2004, we have entered into a number of agreements with EMC in the ordinary course of business relating to our business and our relationship with EMC. We also will enter into certain agreements with EMC relating to this offering and our relationship with EMC after this offering. The material terms of such agreements with EMC relating to our historical relationship, this offering and our relationship with EMC after this offering are described below. We do not currently expect to enter into any additional agreements or other transactions with EMC, outside the ordinary course, or any of our directors, officers or other affiliates other than those specified below. However, in the future, in accordance with Delaware law, any contract or transaction between us and one of our directors or officers or between us and any corporation, partnership, association or any other organization in which one or more of our directors or officers is a director or officer or has a financial interest, will either be approved by the stockholders, a majority of the disinterested members of our board or a committee of our board that authorizes such contracts or transactions or must be fair to us as of the time our directors, a committee of our directors or our stockholders approve the contract or transaction. In addition, any transactions with directors, officers or other affiliates will be subject to requirements of the Sarbanes-Oxley Act and SEC rules and regulations.

Relationship with EMC Corporation

Historical Relationship With EMC

We have been a wholly owned subsidiary of EMC since January 2004. As a result, in the ordinary course of our business, we have received various services provided by EMC, including tax, accounting, treasury, legal and human resources services. Historically, EMC has not sold our products. Our historical financial statements include allocations to us by EMC of its costs related to these services. These cost allocations have been determined on a basis that EMC considers to be a reasonable reflection of the use of services provided or the benefit received by us. These allocations totaled $4.5 million in fiscal 2004, $5.3 million in fiscal 2005 and $5.1 million in fiscal 2006.

In April 2007, we declared an $800 million dividend to EMC in the form of a note. The note matures in April 2012 and bears an interest rate of the 90-day LIBOR plus 55 basis points (5.91% as of June 30, 2007), with interest payable quarterly in arrears, commencing June 30, 2007. We may repay the note, without penalty, at any time commencing July 2007.

In view of the potential overlap between our business and that of EMC, we and EMC conduct our businesses pursuant to our Rules of Engagement with Storage, Server and Infrastructure Software Vendors,

copies of which are made available to our partners, which outline product development, qualification and sales guidelines that we and EMC follow with partners who also have products that directly compete with EMC products. These Rules of Engagement may be amended from time to time by our board of directors.

We have previously entered into several agreements with EMC with respect to international marketing, product services resale, call center support, project specific consulting, research and development and professional services. EMC will continue to provide these services to us following the offering pursuant to these agreements or similar subsequent arrangements. In certain circumstances where we do not have an established legal entity, EMC employees managed by our personnel have provided services on our behalf.

We have entered into various geographically-specific marketing services agreements with certain of EMC's subsidiaries. Together, these agreements involve the following countries: Austria, Australia, Belgium, Brazil, Canada, Czech Republic, Denmark, France, Germany, Hong Kong, India, Italy, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Taiwan and the United Kingdom. The terms of these agreements are substantially similar and under such agreements, the signing EMC subsidiaries have agreed to provide us, upon our request, with services that include promoting our products, developing our customer base, and acting as a liaison to certain customers. Under the provisions of the agreements, we are charged by such EMC subsidiaries in performing services under these agreements. The agreements are effective until terminated by either party upon 30 days' written notice. EMC subsidiaries provided these services to us on similar terms before such time as we entered into written agreements. From January 1, 2006 through March 31, 2007, the aggregate value that we paid such EMC subsidiaries (other than in Canada and India, which payments are included together with payments for services under the call center agreements, described below) for the provision of these services was approximately $54.4 million.

We have entered into call center service agreements with EMC Corporation of Canada and EMC Data Storage Systems (India) Private Limited, each of which is a subsidiary of EMC. Under the terms of such agreements, each of the EMC subsidiaries has agreed to provide us, upon our request, with certain telephonic call center and customer support. Under the provisions of the agreements, we are charged by such EMC subsidiaries in performing services under these agreements. The agreements are effective until terminated by either party upon 30 days' notice. EMC provided these services to us on similar terms before such time as we entered into written agreements. From January 1, 2006, through March 31, 2007, the aggregate value that we paid such EMC subsidiaries for the provision of these services and under the marketing services arrangements in Canada and India with these subsidiaries was approximately $13.1 million.

We have entered into various consulting services agreements with EMC whereby we provide certain of EMC's customers with project-specific support, including implementing our products within such clients' environments, as well as helping clients optimize their VMware products. The provisions of such agreements are substantially similar, and terminate either upon mutual agreement between EMC and ourselves, or upon the completion of the specific project for which a consulting service agreement was executed. From January 1, 2006 through March 31, 2007, the aggregate value of the services we performed and charged EMC for under such agreements was approximately $6.0 million.

We have entered into a Professional Services Reseller and Subcontractor Agreement with EMC whereby we appointed EMC as a non-exclusive reseller of our professional services. Under the agreement, we have performed and will continue to perform various professional consulting services for EMC customers. Under the terms of the agreement, the agreement may only be terminated upon a material breach, non-payment, a breach of confidentiality or by either party upon 10 business days' notice. From January 1, 2006 through March 31, 2007, we charged EMC approximately $4.8 million for services we rendered under the agreement.

We have entered into a Development Services Agreement with EMC Data Storage Systems (India) Private Limited. Under the terms of the agreement, EMC's Indian subsidiary provides us with research and development services with respect to certain of our software products. The agreement automatically renews annually, but may

be terminated by either party upon 30 days' prior written notice. Under the provisions of the agreement, we are charged by EMC's subsidiary. EMC provided these services to us on similar terms before such time as we entered into written agreements. From January 1, 2006 through March 31, 2007, we paid EMC's subsidiary an aggregate value of approximately $5.5 million for the provision of these services.

For additional information about our relationship with EMC, see Note J to our consolidated financial statements included elsewhere in this prospectus.

EMC as our Controlling Stockholder

Until consummation of this offering, EMC will be our sole stockholder. EMC will hold approximately 99% of the combined voting power of our outstanding common stock upon completion of this offering (or approximately 98% if the underwriters exercise their over-allotment option in full). For as long as EMC or its successor-in-interest continues to control more than 50% of the combined voting power of our common stock, EMC or its successor-in-interest will be able to direct the election of all the members of our board of directors and exercise control over our business and affairs, including any determinations with respect to mergers or other business combinations involving us, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional common stock or other equity securities, and the payment of dividends with respect to our common stock. Similarly, EMC or its successor-in-interest will have the power to determine matters submitted to a vote of our stockholders without the consent of our other stockholders, will have the power to prevent a change in control of us and will have the power to take other actions that might be favorable to EMC or its successor-in-interest.

EMC has agreed not to sell or otherwise dispose of any of our common stock for a period of 180 days from the date of this prospectus without the prior written consent of Citi, JPMorgan and Lehman Brothers, subject to certain exceptions. See "Underwriting." However, there can be no assurance concerning the period of time during which EMC will maintain its ownership of our common stock following this offering.

Beneficial ownership of at least 80% of the total voting power and value of our outstanding common stock is required in order for EMC to continue to include us in its consolidated group for federal income tax purposes, and beneficial ownership of at least 80% of the total voting power and 80% of each class of non-voting capital stock is required in order for EMC to effect a tax-free spin-off of us or certain other tax-free transactions. As of the date of this prospectus, EMC does not intend or plan to undertake a spin-off of us or another tax-free transaction involving us. It is expected that we will be included in EMC's consolidated group for U.S. federal income tax purposes following the offering.

Agreements Between EMC and Us

In connection with this offering, EMC and we will enter into certain agreements governing various interim and ongoing relationships between us. These agreements will include:

- a master transaction agreement;
- an administrative services agreement;
- a tax sharing agreement;
- an insurance matters agreement;
- an employee benefits agreement;
- an intellectual property agreement; and
- real estate agreements.

The agreements summarized below will be filed as exhibits to the registration statement of which this prospectus is a part. We encourage you to read the full text of these material agreements. We will enter into these

agreements with EMC in the context of our relationship as a wholly owned subsidiary of EMC. The prices and other terms of these agreements will be designed to be consistent with the requirements of Section 482 of the Code and related U.S. Treasury Regulations with respect to transactions between related parties.

Master Transaction Agreement

The master transaction agreement contains key provisions relating to our ongoing relationship with EMC. The master transaction agreement also contains agreements relating to the conduct of this offering and future transactions, and will govern the relationship between EMC and us subsequent to this offering. Unless otherwise required by the specific provisions of the agreement, the master transaction agreement will terminate on a date that is five years after the first date on which EMC ceases to own shares representing at least 20% of our common stock. The provisions of the master transaction agreement related to our cooperation with EMC in connection with future litigation will survive seven years after the termination of the agreement, and provisions related to indemnification by us and EMC will survive indefinitely.

This Offering. The master transaction agreement requires us to use our reasonable best efforts to satisfy certain conditions to the completion of this offering. EMC may, in its sole and absolute discretion, choose to proceed with or abandon this offering. All costs and expenses of VMware and EMC relating to this offering will be paid by us.

Registration Rights . Pursuant to the master transaction agreement, we will provide EMC with certain registration rights because the shares of our common stock held by EMC after this offering will be deemed "restricted securities" as defined in Rule 144 under the Securities Act. Accordingly, EMC may only sell a limited number of shares of our common stock into the public markets without registration under the Securities Act. At the request of EMC, we will use our reasonable best efforts to register shares of our common stock that are held by EMC after the closing of this offering, or subsequently acquired, for public sale under the Securities Act. EMC may request up to two registrations in any calendar year. We will also provide EMC with "piggy-back" rights to include its shares in future registrations by us of our securities under the Securities Act. There is no limit on the number of these "piggy-back" registrations in which EMC may request its shares be included.

EMC may not transfer its registration rights other than to an affiliate. EMC's registration rights will terminate on the earlier of the date on which EMC has sold or transferred all of its shares of our common stock deemed "restricted securities" or our common stock held by EMC may be sold without restriction pursuant to Rule 144(k) of the Securities Act.

We have agreed to cooperate in these registrations and related offerings. All expenses payable in connection with such registrations will be paid by us, including the fees and expenses of one firm of legal counsel chosen by EMC, except that EMC will pay all it own internal administrative costs and underwriting discounts and commissions applicable to the sale of its shares of our common stock.

Future Distributions. Additionally, we have agreed to cooperate, at our expense, with EMC to accomplish a distribution by EMC of our common stock, and we have agreed to promptly take any and all actions necessary or desirable to effect any such distribution. EMC will determine, in its sole discretion, whether such distribution shall occur, the date of the distribution and the form, structure and all other terms of any transaction to effect the distribution. A distribution may not occur at all. At any time prior to completion of the distribution, EMC may decide to abandon the distribution, or may modify or change the terms of the distribution, which could have the effect of accelerating or delaying the timing of the distribution.

Anti-Dilution Option . Pursuant to the master transaction agreement, we have granted EMC a continuing right to purchase from us shares of Class A common stock and Class B common stock in order to maintain EMC's respective percentage ownership interests in our Class A common stock and Class B common stock following the completion of this offering. This option may be exercised by EMC in connection with any issuance by us of

common stock other than pursuant to this offering (including the exercise of the underwriters' over-allotment option) or any stock option or executive or employee compensation plan, except where the issuance pursuant to a stock option or executive or employee compensation plan would cause EMC's percentage ownership of common stock to fall below 80.1%. If we issue our common stock for cash consideration as permitted in the foregoing sentence other than pursuant to a stock option or executive compensation plan that causes EMC's percentage ownership of common stock to fall below 80.1%, upon the exercise of the option, EMC will pay a price per share of Class A common stock equal to the offering price paid by us in the related issuance of common stock and a price per share of Class B common stock equal to the fair market value thereof as determined by our board of directors. If we issue our common stock for non-cash consideration or pursuant to a stock option or executive compensation plan that causes EMC's percentage ownership of common stock to fall below 80.1%, upon exercise of the option, EMC will pay a price per share of Class A common stock equal to the average closing price of our common stock on the day prior to the applicable issuance date and a price per share of Class B common stock equal to the fair market value thereof as determined by our board of directors.

If EMC chooses not to exercise its option, or exercises its option for a number of shares less than the total number permissible, in connection with any particular future common stock issuance by us, EMC's right to exercise the option in connection with any subsequent issuance by us will not be affected. However, in such case EMC's ownership percentage will be recalculated to account for any prior decision not to exercise the option in full or at all, as appropriate. EMC's option to maintain its ownership percentage in us will terminate on the earlier of the date of a tax-free distribution, the date upon which EMC beneficially owns shares of common stock representing less than 80% of the aggregate voting power of shares of common stock then outstanding and the date on which, if the option has been transferred to a subsidiary of EMC, that subsidiary ceases to be a subsidiary of EMC.

Restrictive Covenants . Under the master transaction agreement, we have agreed to obtain the consent of the holders of our Class B common stock prior to taking certain actions, including:

- consolidating or merging with any other entity;
- acquiring the stock or assets of another entity in excess of $100 million;
- issuing any stock or securities except to our subsidiaries or pursuant to this offering or our employee benefit plans;
- taking any actions to dissolve, liquidate or wind-up our company;
- declaring dividends on our stock;
- entering into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's; and
- amending, terminating or adopting any provision inconsistent with certain provisions of our certificate of incorporation or bylaws.

Indemnification. The master transaction agreement provides for cross-indemnities that generally will place the financial responsibility on us and our subsidiaries for all liabilities associated with the current and historical VMware business and operations, and generally will place on EMC the financial responsibility for liabilities associated with all of EMC's other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The master transaction agreement also contains indemnification provisions under which we and EMC each indemnify the other with respect to breaches of the master transaction agreement or any intercompany agreement.

In addition to our general indemnification obligations described above relating to the current and historical VMware business and operations, we will agree to indemnify EMC against liabilities arising from misstatements or omissions in this prospectus or the registration statement of which it is a part, except for misstatements or

omissions relating to information that EMC provided to us specifically for inclusion in this prospectus or the registration statement of which it forms a part. We will also agree to indemnify EMC against liabilities arising from any misstatements or omissions in our subsequent SEC filings and from information we provide to EMC specifically for inclusion in EMC's annual or quarterly reports following the completion of this offering, but only to the extent that the information pertains to us or our business or to the extent EMC provides us prior written notice that the information will be included in its annual or quarterly reports and the liability does not result from the action or inaction of EMC.

In addition to EMC's general indemnification obligations described above relating to the current and historical EMC business and operations, EMC will indemnify us for liabilities under litigation matters related to EMC's business and for liabilities arising from misstatements or omissions with respect to information that EMC provided to us specifically for inclusion in this prospectus or the registration statement of which it forms a part. EMC will also agree to indemnify us against liabilities arising from information EMC provides to us specifically for inclusion in our annual or quarterly reports following the completion of this offering, but only to the extent that the information pertains to EMC or EMC's business or to the extent we provide EMC prior written notice that the information will be included in our annual or quarterly reports and the liability does not result from our action or inaction.

For liabilities arising from events occurring on or before the time of this offering, the master transaction agreement contains a general release. Under this provision, we will release EMC and its subsidiaries, successors and assigns, and EMC will release us and our subsidiaries, successors and assigns, from any liabilities arising from events between us on the one hand, and EMC on the other hand, occurring on or before the time of this offering, including in connection with the activities to implement this offering. The general release does not apply to liabilities allocated between the parties under the master transaction agreement or other intercompany agreements or to specified ongoing contractual arrangements.

Accounting Matters; Legal Policies. Under the master transaction agreement, we will agree to use our reasonable best efforts to use the same independent certified public accounts selected by EMC and to maintain the same fiscal year as EMC until such time as EMC is no longer required to consolidate our results of operations and financial position (determined in accordance with generally accepted accounting principles consistently applied). We also agree to use our reasonable best efforts to complete our audit and provide EMC with all financial and other information on a timely basis such that EMC may meet its deadlines for its filing annual and quarterly financial statements.

Additionally, for as long as EMC is providing us with legal services under the administrative services agreement, the master transaction agreement will require us to comply with all EMC policies and directives identified by EMC as critical to legal and regulatory compliance and to not adopt legal or regulatory policies or directives inconsistent with the policies identified by EMC.

Administrative Services Agreement

Under the administrative services agreement, which when signed will become effective as of the closing date of this offering, EMC will provide us with services, including tax, accounting, treasury, legal and human resources services and certain services in Bangalore, India. For such time as the administrative services agreement is in effect, EMC and VMware may agree on additional services to be included in the administrative services agreement. EMC will provide services to us with substantially the same degree of skill and care as such services are performed within EMC. With the exception of services in Bangalore, India, for which we will pay a set quarterly fee, we will pay fees to EMC for the services rendered based on the number and total cost of the EMC employees required to provide services, or as otherwise may be agreed.

We anticipate that the initial term of the administrative services agreement will expire on September 30, 2007 and will be extended automatically for additional three-month terms unless terminated by one of the parties. Prior

to the expiration of the initial term and any subsequent renewal term, we will agree with EMC to adjust the fees payable for services (other than services in Bangalore, India) under the agreement, as necessary, to accurately reflect the level of services we require. We have the right to terminate any of the services provided by EMC under the administrative services agreement at any time upon 30 days' prior written notice of termination to EMC. As of the date of this prospectus, we expect that EMC will provide us with these services for a period longer than the initial term.

Furthermore, we have agreed in the administrative services agreement that we will be responsible for, and will indemnify EMC with respect to, our own losses for property damage or personal injury in connection with the services provided, except to the extent that such losses are caused by the gross negligence, breach, bad faith or willful misconduct of EMC.

Tax Sharing Agreement

We have been included in EMC's consolidated group (the "Consolidated Group") for U.S. federal income tax purposes, as well as in certain consolidated, combined or unitary groups that include EMC and/or certain of its subsidiaries (a "Combined Group") for state and local income tax purposes. We intend to enter into a new tax sharing agreement that will become effective upon consummation of this offering. Pursuant to the tax sharing agreement, we and EMC generally will make payments to each other such that, with respect to tax returns for any taxable period in which we or any of our subsidiaries are included in the Consolidated Group or any Combined Group, the amount of taxes to be paid by us will be determined, subject to certain adjustments, as if we and each of our subsidiaries included in the Consolidated Group or Combined Group filed our own consolidated, combined or unitary tax return. EMC will prepare pro forma tax returns for us with respect to any tax return filed with respect to the Consolidated Group or any Combined Group in order to determine the amount of tax sharing payments under the tax sharing agreement. We will be responsible for any taxes with respect to tax returns that include only us and our subsidiaries.

EMC will be primarily responsible for controlling and contesting any audit or other tax proceeding with respect to the Consolidated Group or any Combined Group. Disputes arising between the parties relating to matters covered by the tax sharing agreement are subject to resolution through specific dispute resolution provisions.

We have been included in the Consolidated Group for periods in which EMC owned at least 80% of the total voting power and value of our outstanding stock. It is expected that we will be included in the Consolidated Group following this offering. EMC, during any part of a consolidated return year is liable for the tax on the consolidated return of such year, except for such taxes related to (i) our separate tax liability and (ii) our business and operations, of such year and for any subsequently determined deficiency thereon. Similarly, in some jurisdictions, each member of a consolidated, combined or unitary group for state, local or foreign income tax purposes is jointly and severally liable for the state, local or foreign income tax liability of each other member of the consolidated, combined or unitary group. Accordingly, although the tax sharing agreement allocates tax liabilities between us and EMC, for any period in which we were included in the Consolidated Group or a Combined Group, we could be liable in the event that any income tax liability was incurred, but not discharged, by any other member of the Consolidated Group or a Combined Group.

As of the date of this prospectus, EMC does not intend or plan to undertake a spin-off of our stock to EMC stockholders. Nevertheless, we and EMC have agreed to set forth our respective rights, responsibilities and obligations with respect to any possible spin-off in the tax sharing agreement. If EMC were to decide to pursue a possible spin-off, we have agreed to cooperate with EMC and to take any and all actions reasonably requested by EMC in connection with such a transaction. We have also agreed not to knowingly take or fail to take any actions that could reasonably be expected to preclude EMC's ability to undertake a tax-free spin-off. In the event EMC completes a spin-off, we have agreed not to take certain actions, such as asset sales or contributions, mergers, stock issuances or stock sales within the two years following the spin-off without first obtaining the opinion of tax counsel or an IRS ruling to the effect that such actions will not result in the spin-off failing to qualify as a tax-

free spin-off. In addition, we generally would be responsible for, among other things, any taxes resulting from the failure of a spin-off to qualify as a tax-free transaction to the extent such taxes are attributable to, or result from, any action or failure to act by us or certain transactions involving us following a spin-off and a percentage of such taxes to the extent such taxes are not attributable to, or do not result from, any action or failure to act by either us or EMC.

Insurance Matters Agreement

Prior to the consummation of this offering, we will also enter into an insurance matters agreement with EMC. Pursuant to the insurance matters agreement, EMC will maintain insurance policies covering, and for the benefit of, us and our directors, officers and employees. The insurance policies maintained by EMC under the insurance matters agreement will be comparable to those maintained by EMC and covering us prior to the offering. Except to the extent that EMC allocates a portion of its insurance costs to us, we will pay or reimburse EMC, as the case may be, for premium expenses, deductibles or retention amounts, and all other costs and expenses that EMC may incur in connection with the insurance coverage EMC maintains for us. We will be responsible for any action against VMware in connection with EMC's maintenance of insurance coverage for us, including as a result of the level or scope of any insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to an insurance carrier in connection with a claim or potential claim or otherwise, during the term of the insurance matters agreement, except to the extent that such action arises out of or is related to the breach by EMC of the insurance matters agreement or the related insurance policies, or the gross negligence, bad faith or willful misconduct of EMC in connection with the insurance matters agreement or the related insurance policies.

We anticipate that the term of the insurance matters agreement will expire on a date which is 45 days after the date upon which EMC owns shares of our common stock representing less than a majority of the votes entitled to be cast by all holders of our common stock.

Employee Benefits Agreement

Prior to the consummation of this offering, we will also enter into an employee benefits agreement with EMC. The employee benefits agreement will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters, including the treatment of outstanding EMC equity awards which may be held by our employees following this offering and the allocation of certain retirement plan assets and liabilities and the ownership of work product developed for our benefit. The employee benefits agreement will also generally provide that we are assuming employment-related liabilities with respect to employees employed by us for periods of time prior to the offering.

Intellectual Property Agreement

The terms of the intellectual property agreement will formalize the relationship between us and EMC with respect to our use of certain EMC source code and associated intellectual property rights, as well as EMC's use of certain VMware source code and associated intellectual property rights.

Under the terms of the intellectual property agreement, we and EMC fully will release one another from claims resulting from any acts of infringement that might have occurred prior to the date this offering is completed. Going forward, EMC will provide to us license rights under certain source code and associated intellectual property rights to design, develop, distribute, service and support our existing products, as well as any updates, upgrades and future versions of those products, and the implementation of interoperability between future VMware products and EMC products. These rights exclude our ability to use EMC's intellectual property to create certain types of products.

We, in turn, will provide to EMC license rights under certain source code and associated intellectual property rights to design, develop, distribute, service and support EMC's existing products, any updates,

upgrades and future versions of those products, as well as EMC's future products. These rights exclude the ability of EMC to use our intellectual property to create certain types of products. The scope of the patent rights we provide to EMC and the scope of products with which EMC may use our intellectual property rights will be initially narrowed at such time as EMC no longer owns 50% of our common stock, and further narrowed at such time as EMC no longer owns 20% of our common stock. The scope of products with which EMC may use our intellectual property rights will also be narrowed if there is a change of control of EMC at such time as EMC no longer owns 50% of our common stock. EMC will indemnify us for any losses arising out of any use by EMC of the intellectual property rights we provide to EMC under the intellectual property agreement, and we will indemnify EMC for any losses arising out of any use by us of the intellectual property rights EMC provides to us under the intellectual property agreement.

Real Estate Agreements

Prior to the consummation of this offering, we will enter into a real estate license agreement with EMC. The real estate license agreement will govern the terms under which we may use the space we share, and will continue to share, with EMC at certain properties that EMC currently leases abroad. We do not currently expect that the real estate license agreement will materially change the current arrangements we have with EMC related to shared space or the amounts we are charged for use of such space. We will also enter into an agreement which will provide for our purchase from EMC of the equity interests in the EMC entity which holds the ground leasehold interest in the land on which our global headquarters is being built and the interest in our global headquarters itself for an amount equal to the cost expended by EMC to date in constructing the facilities, which totaled approximately $127.0 million as of June 30, 2007.

Our Relationship with Intel

We are party to a Class A common stock purchase agreement with Intel Capital dated as of July 9, 2007. Pursuant to the stock purchase agreement, following the expiration of the applicable waiting period under the HSR Act and the satisfaction of other customary closing conditions, including the absence of a material adverse change, Intel Capital will purchase 9.5 million shares of our Class A common stock, at a price of $23.00 per share for an aggregate purchase price of $218.5 million. If we do not complete an underwritten public offering with an aggregate price to the public of at least $250.0 million on or before December 31, 2007, Intel will have the right to exchange its Class A common stock for shares of Series A preferred stock, the terms of which will be designated prior to the closing of the Intel investment. The stock purchase agreement also contains certain anti-dilution provisions which will terminate upon the closing of this offering.

Pursuant to Intel Capital's proposed investment in our Class A common stock, we have entered into an investor rights agreement with Intel Capital that provides Intel Capital with certain rights, including the following rights:

- demand registration rights, pursuant to which, six months after the effectiveness of the registration statement of which this prospectus constitutes a part, Intel Capital has the right to effect one demand registration of our Class A common stock held by them at the time of such demand;
- "piggyback" registration rights with respect to our Class A common stock, subject to standard cutback provisions imposed by underwriters; and
- the right to demand that we effect a registration with respect to all or a part of their securities upon us becoming eligible to file on Form S-3, subject to standard cutback provisions imposed by underwriters.

The investor rights agreement also restricts Intel's right to sell or transfer the shares of our Class A common stock acquired pursuant to the July 9 stock purchase agreement for a period of one year from the date of purchase. Accordingly, Intel's exercise of any of the rights described above is subject to the expiration of such one year period.

The investor rights agreement will obligate us to pay for the costs and expenses of registration other than underwriting discounts. Additionally, Intel Capital has agreed not to offer, sell, contract to sell, pledge or otherwise dispose of its shares of Class A common stock within 180 days of this offering, subject to extension under certain circumstances. The investor rights agreement also provides that Intel's representative on our board shall have no duty or obligation to present any corporate opportunity to us, unless the opportunity is expressly presented to such board member in his or her capacity as a director or he or she otherwise first acquires knowledge of the opportunity in the course of his or her activities as a member of our board.

In addition, we and Intel have entered into a routine and customary collaboration partnering agreement that expresses the parties' intent to continue to expand their cooperative efforts around joint development, marketing and industry initiatives.

Other Related Person Transactions

In June 2007, our Compensation and Corporate Governance Committee granted options to purchase 250,000 shares of Class A common stock with an exercise price of $23.00 per share to Mendel Rosenblum, our chief scientist and the husband of Diane Greene, our president, chief executive officer and member of the board of directors. Other than the transactions listed above, we have not entered into any other transactions with related persons. Our board of directors will adopt policies and procedures for the review, approval and ratification of any future related party transactions.

PRINCIPAL STOCKHOLDERS

As of the date of this prospectus, all of our common stock outstanding is owned by EMC. Upon completion of this offering, EMC will beneficially own approximately 43% of our issued and outstanding Class A common stock and 100% of our issued and outstanding Class B common stock. These shares will represent approximately 99% of the total voting power of our common stock (or approximately 98% if the underwriters exercise in full their over-allotment option). After completion of this offering, EMC will be able, acting alone, to elect our entire board of directors and to approve any action requiring stockholder approval. Subject to the expiration of the applicable waiting period under the HSR Act and the satisfaction of other customary closing conditions, Intel will own 9.5 million shares, or approximately 12.7%, of our Class A common stock to be outstanding upon completion of this offering and approximately 2.5% of the shares of our common stock then outstanding which shares will represent less than 1% of the combined voting power of our outstanding common stock.

In June 2007, our Compensation and Corporate Governance Committee made broad-based equity awards to our employees including grants of options to purchase 1,900,000 shares of our Class A common stock to our Named Executive Officers with an exercise price of $23.00 per share. Also, our Compensation and Corporate Governance Committee granted 40,000 options to purchase Class A common stock to each of Michael W. Brown, John R. Egan and David N. Strohm, our non-employee directors. Additionally, some of our executive officers may acquire VMware stock options and restricted stock by participating in the exchange offer.

The following table sets forth information as of June 30, 2007 about the number of shares of our common stock beneficially owned and the percentage of common stock beneficially owned by:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our directors and executive officers as a group.

To our knowledge, except as indicated in the footnotes to this table or as provided by applicable community property laws, the persons named in the table have sole investment and voting power with respect to the shares of common stock indicated.

Name	Number of Shares of VMware Class B Common Stock Beneficially Owned [1]	Percent of Outstanding Shares
5% Beneficial Owners		
EMC Corporation(2)	300,000,000	100%

Name	Number of Shares of VMware Class A Common Stock Beneficially Owned [1]	Percent of Outstanding Shares
5% Beneficial Owners		
EMC Corporation [2] [3]	332,500,000	99.99%
Directors and Officers		
Diane B. Greene	0	*
Carl M. Eschenbach	0	*
Mark S. Peek	0	*
Rashmi Garde	0	*
Thomas J. Jurewicz	0	*
Joseph M. Tucci	0	*
Michael W. Brown [4]	40,000	*
John R. Egan [5]	40,000	*
David I. Goulden	0	*
David N. Strohm [6]	40,000	*
Paul Auvil**	0	*
All directors and executive officers as a group (11 persons) (7)	120,000	*

* Less than 1%.
** Our former chief financial officer.

(1) All amounts shown in this column include shares obtainable upon exercise of stock options currently exercisable or exercisable within 60 days of the date of this table.

(2) The principal business address of EMC is 176 South Street, Hopkinton, MA 01748.

(3) Includes 300,000,000 shares of Class B common stock which are convertible into Class A common stock.

(4) Mr. Brown is deemed to own 40,000 of these shares by virtue of options to purchase these shares.

(5) Mr. Egan is deemed to own 40,000 of these shares by virtue of options to purchase these shares.

(6) Mr. Strohm is deemed to own 40,000 of these shares by virtue of options to purchase these shares.

(7) Includes 120,000 shares of VMware Class A common stock beneficially owned by all executive officers and directors as a group by virtue of options to purchase these shares. Excludes shares as to which such individuals have disclaimed beneficial ownership.

The address of all persons listed above, other than EMC Corporation, is c/o VMware, Inc., 3401 Hillview Avenue, Palo Alto, CA 94304.

Following this offering, we will have two classes of authorized common stock: Class A common stock and Class B common stock. Only EMC or its successor-in-interest may hold shares of Class B common stock unless EMC distributes its shares of Class B common stock in a distribution under section 355 of the Code. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus. The holders of Class B common stock shall be entitled to 10 votes per share and the holders of Class A common stock shall be entitled to one vote per share. The holders of Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of the directors on our board of directors which we would have if there were no vacancies on our board of directors at the time. Subject to any rights of any series of preferred stock to elect directors, the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, are entitled to elect the remaining directors on our board of directors, which at no time will be less than one director. Each share of Class B common stock is convertible into one share of Class A common stock at any time unless EMC distributes its shares of Class B common stock in a distribution under section 355 of the Code.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock and provisions of our certificate of incorporation and bylaws, each of which will be in effect as of the date of this prospectus, are summaries thereof and are qualified by reference to our certificate of incorporation and bylaws, copies of which have been filed with the SEC as exhibits to our registration statement of which this prospectus forms a part.

General

Upon completion of this offering and subject to the closing of the Intel investment, our authorized capital stock will consist of:

- 2,500,000,000 shares of Class A common stock, par value $0.01 per share,
- 1,000,000,000 shares of Class B common stock, par value $0.01 per share,
- 9,500,000 shares of Series A preferred stock, par value $0.01 per share, and
- 90,500,000 shares of undesignated preferred stock, par value $0.01 per share.

As of the date of this prospectus, 32,500,000 shares of Class A common stock are outstanding, and 300,000,000 shares of Class B common stock are outstanding. Upon completion of this offering, there will be outstanding 75,000,000 shares of Class A common stock and 300,000,000 shares of Class B common stock. As of the date of this prospectus, no preferred stock has been designated or is outstanding.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our Class A common stock and Class B common stock are entitled to receive dividends, out of assets legally available, sharing equally in all such dividends on a per share basis, at the times and in the amounts that our board of directors may determine from time to time.

Conversion Rights

Each share of Class B common stock is convertible while held by EMC or its successor-in-interest at the option of EMC or its successor-in-interest into one share of Class A common stock. If our Class B common stock is distributed to security holders of EMC in a transaction (including any distribution in exchange for shares of EMC's or its successor-in-interest's common stock or other securities) intended to qualify as a distribution under Section 355 of the Code, or any corresponding provision of any successor statute, shares of our Class B common stock will no longer be convertible into shares of Class A common stock. Prior to any such distribution, all shares of Class B common stock will automatically be converted into shares of Class A common stock upon the transfer of such shares of Class B common stock by EMC other than to any of EMC's successors or any of its subsidiaries (excluding us). If such a distribution has not occurred, each share of Class B common stock will also automatically convert at such time as the number of shares of common stock owned by EMC or its successor-in-interest falls below 20% of the outstanding shares of our common stock. Following any such distribution, we may submit to our stockholders a proposal to convert all outstanding shares of our Class B common stock into shares of our Class A common stock, provided that we have received a favorable private letter ruling from the Internal Revenue Service satisfactory to EMC to the effect that the conversion will not affect the intended tax treatment of the distribution. In a meeting of our stockholders called for this purpose, the holders of our Class A common stock and our Class B common stock will be entitled to one vote per share and, subject to applicable law, will vote together as a single class and neither class of common stock will be entitled to a separate class vote. All conversions will be effected on a share-for-share basis.

Voting Rights

Except that holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by our stockholders and except with respect to the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus, the holders of Class A common stock and Class B common stock have identical rights. The holders of Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of directors on our board of directors which we would have if there were no vacancies on our board of directors at the time. Subject to any rights of any series of preferred stock to elect directors, the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, are entitled to elect our remaining directors, which at no time will be less than one director. In any such election, the holders of Class A common stock and the holders of Class B common stock are entitled to one vote per share. In the event that the rights of any series of our preferred stock would preclude the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, from electing at least one director, our board of directors will increase the number of directors prior to the issuance of that preferred stock to the extent necessary to allow these stockholders to elect at least one director. Generally, all other matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast at a meeting by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock. Additionally, following a distribution of our Class B common stock to security holders of EMC, any person or group that beneficially owns 10% or more of our Class B common stock will not have any right to vote their shares of Class B common stock in the election of directors unless that person or group of persons also beneficially owns at least an equivalent percentage of our Class A common stock with two exceptions:

- where such person or group obtains the consent of our board of directors prior to acquiring beneficial ownership of at least 5% of our common stock; or
- where such person or group acquires beneficial ownership of at least 5% of our common stock solely as a result of a distribution of Class B common stock to EMC stockholders and, prior to acquiring one additional share of Class B common stock, such person or group obtains the consent of our board of directors.

Preemptive or Redemption Rights

Our Class A common stock and Class B common stock are generally not entitled to preemptive rights and are not subject to redemption or sinking fund provisions. However, pursuant to an investor rights agreement we entered into with Intel Capital in connection with Intel Capital's investment in our Class A common stock, in the event we have not closed an underwritten public offering with an aggregate price to the public of at least $250 million on or before December 31, 2007, then at any time from January 1, 2008 and before the earlier of the closing of such a public offering and the third anniversary of the closing of the sale of our Class A common stock to Intel Capital:

- Intel Capital will have preemptive rights with respect to the shares of Class A common stock purchased pursuant to the Intel investment;
- holders of shares of Class A common stock purchased pursuant to the Intel investment and not converted to Series A preferred stock will have the right to require us to repurchase all, but not less than all, of such shares of Class A common stock; and
- we will have the right to require holders of Class A common stock purchased pursuant to the Intel investment and not converted to Series A preferred stock to sell us all, but not less than all, of such shares of Class A common stock,

in the case of the put and call rights, at a price sufficient to provide a cumulative internal rate of return of 15% per annum from the date of the closing of the Intel investment; provided that if we exercise our call right

described above before January 1, 2009, then the purchase price of the shares will be the price that we would have been obligated to pay had we exercised that right on January 1, 2009.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the holders of our Class A common stock and Class B common stock are entitled to share equally in all of our assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock.

Preferred Stock

No shares of our preferred stock are outstanding as of the date of this prospectus. However, pursuant to the investor rights agreement we entered into with Intel Capital in connection with Intel Capital's investment in our Class A common stock, upon closing of the investment our board of directors will designate the terms, and reserve 9.5 million shares, of Series A preferred stock. If this offering does not close by December 31, 2007, Intel Capital will have the right to exchange its shares of Class A common stock on a one-for-one basis for shares of Series A preferred stock.

The holders of Series A preferred stock will be entitled to one vote per share on all matters to be voted on by our stockholders and will vote with the holders of the Class A common stock and the holders of the Class B common stock, together as a single class, to elect Group II members of our board of directors and on all other matters to be voted on by Class A and Class B stockholders, subject to applicable law.

Generally, the Series A preferred stock will be entitled to annual cumulative dividends at a rate of 4%, compounded annually. In the event of a liquidation, dissolution or winding up of our company, before any payment or distribution of our assets to the holders of shares ranking junior to the Series A preferred stock, the holders of the Series A preferred stock will be entitled to all dividends accumulated, accrued on unpaid thereon. The Series A preferred stock will automatically convert into Class A common stock upon an initial public offering of Class A common stock, provided that we pay a fee to Intel Capital designed to provide them with a 15% per annum internal rate of return if the offering price to the public in the public offering is lower than the price that would reflect such a rate of return, or upon conversion of more than 50% of the then outstanding Series A preferred stock (with the consent of Intel Capital so long as the Intel Capital owns any Series A preferred stock). Additionally, the Series A preferred stock will have preemptive rights that allow holders to maintain their ownership percentage in us in the event we sell additional shares of our common stock or preferred stock. The Series A preferred stock will also contain customary anti-dilution provisions in the event that we sell additional shares of our common stock or preferred stock at a price lower than the conversion price of the Series A preferred stock.

In the event we have not closed an underwritten public offering with an aggregate price to the public of at least $250 million on or before December 31, 2007, then at any time from January 1, 2008 and before the earlier of the closing of such a public offering and the third anniversary of the closing of the sale of our Class A common stock to Intel Capital:

- holders of shares of Series A preferred stock will have the right to require us to repurchase all, but not less than all, of the shares of Series A preferred stock; and
- we will have the right to require the holders of the Series A preferred stock to sell to us all, but not less than all, of the shares of Series A preferred stock,

in each case, at a price sufficient to provide a cumulative internal rate of return of 15% per annum from the date of the closing of the Intel investment; provided that if we exercise our call right described above before January 1, 2009, then the purchase price of the shares will be the price that we would have been obligated to pay had we exercised that right on January 1, 2009. The put and call rights described in this paragraph would also apply to the shares of Class A common stock purchased by Intel Capital in the event such shares are not converted into shares of Series A preferred stock.

For so long as Intel Capital holds a number of shares of Series A preferred stock representing at least 50% of the number of shares of Class A common stock originally issued at the closing of the Intel investment, we will not, without the written consent of the then-current holders of at least 50% of the Series A preferred stock, either directly or by amendment, merger, consolidation, or otherwise:

- create or authorize the creation of or issue any other security senior to the securities held by Intel Capital or increase the authorized number of Series A Preferred;
- create or authorize the creation of any debt or debt security, other than debt issued in the ordinary course of business; or
- amend, alter or repeal any provision of our certificate of incorporation which alters or changes the powers, preferences or special rights of the Series A preferred stock so as to affect them adversely,

provided that none of the rights described above will give the holders of Series A preferred stock a separate class vote to approve a merger where the consideration for the merger consists entirely of cash.

Additionally, our board of directors is empowered, subject to the approval of our Class B stockholders, and subject to any requirements of the New York Stock Exchange, or any applicable national securities exchange, to cause the remaining 90,500,000 authorized shares of our preferred stock to be issued from time to time in one or more series, with the numbers of shares of each series and the designations, preferences and relative, participating, optional, dividend and other special rights of the shares of each such series and the qualifications, limitations, restrictions, conditions and other characteristics thereof as fixed by our board of directors. Among the specific matters that may be determined by our board of directors are:

- the designation of each series;
- the number of shares of each series;
- the rate of dividends, if any;
- whether dividends, if any, shall be cumulative or noncumulative;
- the terms of redemption, if any;
- the rights of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- rights and terms of conversion or exchange, if any;
- restrictions on the issuance of shares of the same series or any other series, if any; and
- voting rights, if any.

Other than with respect to our obligation to designate the terms, and reserve for issuance shares, of Series A preferred stock pursuant to our obligations in connection with the Intel investment, we have no present plans to issue any shares of preferred stock. The ability of our board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change in control of us or the removal of our existing management.

Warrants

As of the date of this prospectus, there were no outstanding warrants to purchase shares of our capital stock.

Registration Rights

We will enter into a master transaction agreement with EMC which, among other things, provides for specified registration and other rights relating to the shares of our common stock owned by EMC. See “Certain Relationships and Related Person Transactions—Relationship with EMC Corporation.” In connection with Intel

Capital's proposed purchase of Class A common stock, we have entered into an investor rights agreement with Intel Capital which provides Intel Capital with registration rights. See "Certain Relationships and Related Person Transactions—Our Relationship with Intel."

Approval Rights of Holders of Class B Common Stock

In addition to any other vote required by law or by our certificate of incorporation, until the first date on which EMC ceases to beneficially own 20% or more of the outstanding shares of our common stock, the prior affirmative vote or written consent of EMC as the holder of the Class B common stock is required (subject in each case to certain exceptions) in order to authorize us to:

- consolidate or merge with any other entity;
- acquire the stock or assets of another entity in excess of $100 million;
- issue any stock or securities except to our subsidiaries or pursuant to this offering or our employee benefit plans;
- dissolve, liquidate or wind us up;
- declare dividends on our stock;
- enter into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's; and
- amend, terminate or adopt any provision inconsistent with certain provisions of our certificate of incorporation or bylaws.

Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws

The provisions of our certificate of incorporation and our bylaws described below may have the effect of delaying, deferring or discouraging another party from acquiring control of us.

Board of Directors

Our board of directors will consist of not less than six and not more than twelve directors, with the exact number to be determined by the board of directors. The members of our board of directors will be divided into two groups, Group I and Group II. Each director elected by the holders of Class B common stock, voting separately as a class, will be designated Group I members. The remaining directors will be designated Group II members. The initial division of our board of directors into Group I Members and Group II members will be made prior to this offering by the affirmative vote of the majority of the entire board of directors so that the Group I members will constitute at least 80% of our board of directors upon the completion of this offering.

Our certificate of incorporation also provides that our board of directors will be further classified into three classes with staggered three-year terms. Accordingly, only one-third of our board of directors will be elected at each annual meeting. Each class will consist, as nearly possible, of one-third of the total number of directors and one-third of the respective Group I members and Group II members other than those elected by holders of our preferred stock. No director may be a member of more than one Group. The initial division of the board of directors into classes will be made by a vote of a majority of the entire board of directors.

Any Group I member of our board of directors may be removed from office at any time, with or without cause, by the affirmative vote of 80% of the holders of Class B common stock, voting separately as a class. Any Group II member of our board of directors may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the votes entitled to be cast in the election of Group II members.

Any vacancy on the board of directors that results from an increase in the number of directors may be filled only by a majority of the board of directors then in office, provided that a quorum is present, and any other vacancy occurring in the board of directors may be filled only by a majority of directors then in office, even if less than a quorum, or by a sole remaining director. However, until EMC ceases to be the beneficial owner of

shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, any vacancy caused by the removal of a director by our stockholders may be filled only by our stockholders pursuant to the procedures for electing Group I members or Group II members, as appropriate. Notwithstanding the preceding sentence, if the appointment of any person to a vacancy would cause the number of Group I members of our board of directors to be less than 80% of the total number of directors on our board of directors which we would have if there were no vacancies on our board of directors at the time, then the vacancy will be filled by majority vote of the Group I members then in office, and the director filling the vacancy will be designated a Group I member of our board of directors.

Stockholder Action by Written Consent; Special Meetings

Our certificate of incorporation provides that until such time as EMC or its successor-in-interest ceases to hold shares representing at least a majority of votes entitled to be cast by the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, any action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, so long as written consent is obtained from the holders of the minimum number of votes that would have been required to authorize or take action if such a meeting were held. From and after such time as EMC or its successor-in-interest ceases to hold shares representing at least a majority of the votes entitled to be cast by the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting.

Except as otherwise required by law, special meetings of our stockholders for any purpose or purposes may only be called by (1) EMC or its successor-in-interest, so long as EMC or its successor-in-interest is the beneficial owner of at least a majority of the votes entitled to be cast by the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, (2) our chairman or (3) our board of directors or our secretary pursuant to a resolution approved by a majority of directors then in office. No business other than that stated in the notice of a special meeting may be transacted at such special meetings.

Cumulative Voting

Our stockholders do not have cumulative voting rights.

Amendment

Subject to the rights of holders of our Class B common stock to withhold their consent to the amendment of the provisions of our certificate of incorporation relating to corporate opportunities and conflicts of interest between our company and EMC, certain provisions of our certificate of incorporation, including those relating to corporate opportunities and conflicts of interest between us and EMC, the consent of EMC or its successor-in-interest as the holder of our Class B common stock, our bylaws, our board of directors and the indemnification of our directors and officers, may be amended by the affirmative vote of at least 80% of the votes entitled to be cast thereon. All other provisions of our certificate of incorporation may be amended by the affirmative vote of a majority of the votes entitled to be cast thereon.

The board of directors may from time to time make, amend, supplement or repeal our bylaws upon the vote of a majority of the board of directors. Once EMC or its successor-in-interest ceases to own shares representing at least a majority of the votes entitled to be cast by the holders of Class A common stock and the holders of Class B common stock, voting together as a single class, our certificate of incorporation provides that the sections of our bylaws related to our classified board structure, the removal of directors and the required advance notice related to shareholder proposals and nomination of directors by shareholders may only be amended by the affirmative vote of shares representing at least 80% of the votes entitled to be cast by the outstanding common stock, voting as a single class, subject to any voting rights granted to any holders of any preferred stock.

Delaware Law Regulating Corporate Takeovers

We will be subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board before the date the interested stockholder attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after the date the business combination is approved by the board and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or its subsidiaries of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation or its subsidiaries that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

A Delaware corporation may opt out of this provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out, and do not currently intend to opt out, of this provision. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Provisions of Our Certificate of Incorporation Relating to Related Person Transactions and Corporate Opportunities

In order to address potential conflicts of interest between us and EMC with respect to corporate opportunities that are otherwise permitted to be undertaken by us, our certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve EMC and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with EMC. In general, these provisions recognize that, subject to the limitations related to our technology and product development and marketing activities, we and EMC may engage in the same or similar business activities and lines of business, may have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including officers and directors of EMC serving as our directors.

Our certificate of incorporation provides that, subject to the limitations related to our technology and product development and marketing activities, EMC will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as us;
- doing business with any of our clients or customers; or
- employing or otherwise engaging any of our officers or employees.

Our certificate of incorporation provides that if EMC acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and EMC, EMC will have no duty to communicate or present such corporate opportunity to us and we will, to the fullest extent permitted by law, renounce any interest or expectancy in any such opportunity and waive any claim that such corporate opportunity be presented to us. EMC will have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that EMC acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

If one of our directors or officers who is also a director or officer of EMC learns of a potential transaction or matter that may be a corporate opportunity for both us and EMC and which may be properly pursued by us pursuant to the limitations related to our technology and product development and marketing activities, our certificate of incorporation provides that the director or officer will have satisfied his or her fiduciary duties to us and our stockholders, will not be liable for breach of fiduciary duties to us and our stockholders with respect to such corporate opportunity, and will be deemed not to have derived an improper personal economic gain from such corporate opportunity if the director or officer acts in good faith in a manner consistent with the following policy:

- where an opportunity is offered to a VMware director (but not an officer) who is also a director or officer of EMC, VMware will be entitled to pursue such opportunity only when expressly offered to such individual solely in his or her capacity as a VMware director;
- where an opportunity is offered to a VMware officer who is also an EMC officer, VMware will be entitled to pursue such opportunity only when expressly offered to such individual solely in his or her capacity as a VMware officer;
- where an opportunity is offered to a VMware officer who is also a director (but not an officer) of EMC, VMware will be entitled to pursue such opportunity unless expressly offered to the individual solely in his or her capacity as an EMC director; and
- where one of our officers or directors, who also serves as a director or officer of EMC, learns of a potential transaction or matter that may be a corporate opportunity for both us and EMC in any manner not addressed in the foregoing descriptions, such director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of the fact that EMC pursues or acquires that corporate opportunity for itself.

The foregoing limitation of liability provisions are not intended to be an allocation of corporate opportunities between us and EMC.

For purposes of our certificate of incorporation, “corporate opportunities” are limited to business opportunities permitted by the provisions related to our technology and product development and marketing activities and, subject to this limitation, include business opportunities which we are financially able to undertake, which are, from their nature, in our line of business, are of practical advantage to us and are ones in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of EMC or its officers or directors will be brought into conflict with our self-interest.

The corporate opportunity provisions in our certificate of incorporation will continue in effect until the later of (1) EMC or its successor-in-interest ceasing to beneficially own 20% or more of the outstanding shares of our common stock and (2) the date upon which no VMware officer or director is also an officer or director of EMC or its successor-in-interest. The vote of at least 80% of the votes entitled to be cast will be required to amend, alter, change or repeal the corporate opportunity provisions.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our certificate of incorporation related to corporate opportunities that are described above.

Limitation of Liability and Indemnification Matters

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, that are incurred in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative other than an action by or in the right of the corporation, known as a derivative action, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification if the person seeking indemnification has been found liable to the corporation. The statute provides that it is not excluding other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of us, or has or had agreed to become a director of us, or, while a director or officer of us, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is the alleged action of such person in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, will be indemnified and held harmless by us to the fullest extent authorized by the Delaware General Corporation Law against all expense, liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person in connection therewith. Our certificate of incorporation also provides that we will pay the expenses incurred in defending any such proceeding in advance of its final disposition, subject to the provisions of the Delaware General Corporation Law. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of our certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of these provisions will in any way diminish or adversely affect the rights of any director, officer, employee or agent of us under our certificate of incorporation in respect of any occurrence or matter arising prior to any such repeal or modification. Our certificate of incorporation also specifically authorizes us to maintain insurance and to grant similar indemnification rights to our employees or agents.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except, to the extent required by the Delaware General Corporation Law, for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- for payments of unlawful dividends or unlawful stock purchases or redemptions under Section 174 of the Delaware General Corporation Law; or
- for any transaction from which the director derived an improper personal benefit.

Neither the amendment nor repeal of this provision will eliminate or reduce the effect of the provision in respect to any matter occurring, or any cause of action, suit or claim that, but for the provision, would accrue or arise, prior to the amendment or repeal of this provision.

The master transaction agreement also provides for indemnification by us of EMC and its directors, officers and employees for specified liabilities, including liabilities under the Securities Act and the Exchange Act.

In addition, EMC maintains liability insurance for its directors and officers and for the directors and officers of its majority-owned subsidiaries, including us. This insurance provides for coverage, subject to certain exceptions, against loss from claims made against directors and officers in their capacity as such, including claims under the federal securities laws. We have also obtained additional liability insurance for our directors and officers to reduce the deductible payable under the policy maintained by EMC.

Stock Exchange Listing Symbol

Our Class A common stock has been approved for listing on the New York Stock Exchange under the symbol “VMW.”

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for shares of our common stock. Future sales of substantial amounts of shares of our common stock in the public market could adversely affect prevailing market prices. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale, sales of substantial amounts of our shares of our common stock in the public market after the restrictions lapse, could adversely affect prevailing market prices and our ability to raise equity capital in the future.

Upon completion of this offering, EMC will own 332,500,000 shares of our common stock, which will represent approximately 89% of the total outstanding shares of our common stock (88% if the underwriters' over-allotment option is exercised in full). In addition, we have reserved 35,799,411 shares of our Class A common stock issuable upon the exercise of stock option awards, subject to vesting, and 452,676 shares of our Class A common stock issuable upon the vesting of restricted stock units, which were granted in June and July 2007 with an exercise price of $23.00 per share. Also, based on the assumptions set forth in the "The Offering," we will have reserved shares of our Class A common stock issuable either upon the exercise of stock option awards, subject to vesting, or as restricted stock awards, subject to the lapsing of restrictions, in each case for issuance to employees in connection with the exchange offer.

Subject to certain exceptions set forth in "Underwriting," we, our directors and executive officers, EMC and Intel also have agreed not to offer, sell, contract to sell, pledge or otherwise dispose (including by effective economic disposition) of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act in respect of, any shares of our common stock or any securities convertible into, or exercisable or exchangeable for, shares of our common stock, or publicly announce an intention to effect any such transaction, for a period of 180 days from the date of this prospectus without the prior written consent of Citi, JPMorgan and Lehman Brothers. Citi, JPMorgan and Lehman Brothers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. In addition, we have agreed with the underwriters that we will require, as a condition to participating in the exchange offer, participating employees who receive options to purchase our Class A common stock and restricted stock awards of our Class A common stock in the exchange to agree to the foregoing lock-up restrictions, subject to certain exceptions, for a period of 180 days from the date of this prospectus. We may release the securities subject to these lock-up agreements only with the prior written consent of Citi, JPMorgan and Lehman Brothers in their sole discretion. Such release may occur at any time and without notice. See "Underwriting."

As a result, in addition to the shares being sold in this offering, which may be sold immediately (except to the extent held by our affiliates, as described below), after this lock-up period, shares of common stock held by EMC, shares of our Class A common stock issued in connection with the Intel investment, shares of our Class A common stock issued upon the exercise of then outstanding options and shares of restricted Class A common stock will be eligible for sale, subject to the volume, manner of sale and other limitations of Rule 144 and subject to any vesting requirements in respect of stock options and the lapsing of any restrictions on restricted shares.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned restricted securities for at least one year is entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of our then outstanding shares of Class A common stock (750,000 shares immediately after this offering and the closing of the Intel investment); or
- the average weekly trading volume of shares of our common stock on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 also are subject to manner of sale provisions, notice requirements and the availability of current public information about us. Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation, or notice provisions of Rule 144. To the extent that shares were acquired from one of our affiliates, such person's holding period for purposes of effecting a sale under Rule 144 commences on the date of transfer from the affiliate.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-UNITED STATES STOCKHOLDERS

The following is a general discussion of the anticipated material U.S. federal income and estate tax consequences relating to the ownership and disposition of our Class A common stock by non-United States holders, as defined below, who purchase our Class A common stock in this offering and hold such Class A common stock as capital assets. This discussion is based on currently existing provisions of the Code, existing and proposed Treasury regulations promulgated thereunder, and administrative and judicial interpretation thereof, all as in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect or different interpretations. This discussion does not address all the tax consequences that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income or estate tax laws (such as financial institutions, insurance companies, tax-exempt organizations, retirement plans, partnerships and their partners, other pass-through entities and their members, dealers in securities, brokers, U.S. expatriates, holders whose "functional" currency is not the U.S. dollar or persons who have acquired our Class A common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment). This discussion does not address the U.S. state and local or non-U.S. tax consequences relating to the ownership and disposition of our Class A common stock.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL TAX CONSEQUENCES OF OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

As used in this discussion, the term "non-United States holder" refers to a beneficial owner of our Class A common stock that for U.S. federal income tax purposes is not:

(i) an individual who is a citizen or resident of the United States;

(ii) a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state or political subdivision thereof or therein, including the District of Columbia;

(iii) an estate the income of which is subject to U.S. federal income tax regardless of source thereof; or

(iv) a trust (a) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all its substantial decisions, or (b) that has in effect a valid election under applicable U.S. Treasury Regulations to the treated as a United States person.

An individual may, in many cases, be treated as a resident of the United States in any calendar year for U.S. federal income tax purposes, rather than a nonresident, by, among other ways, being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during the three-year period ending in that calendar year (counting for such purposes all the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year). Residents are subject to U.S. federal income tax as if they were U.S. citizens.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Class A common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Class A common stock, we urge you to consult your own tax advisor.

Dividends

We or a withholding agent will have to withhold U.S. federal withholding tax from the gross amount of any dividends paid to a non-United States holder at a rate of 30%, unless (i) an applicable income tax treaty reduces

or eliminates such tax, and a non-United States holder claiming the benefit of such treaty provides to us or such agent proper Internal Revenue Service, or IRS, documentation or (ii) the dividends are effectively connected with a non-United States holder's conduct of a trade or business in the United States, or where a treaty provides the dividends are attributable to a U.S. permanent establishment of such non-United States holder, and the non-United States holder provides to us or such agent proper IRS documentation. In the latter case, such non-United States holder generally will be subject to U.S. federal income tax with respect to such dividends in the same manner as a U.S. citizen or corporation, as applicable, unless otherwise provided in an applicable income tax treaty. Additionally, a non-United States holder that is a corporation could be subject to a branch profits tax on effectively connected dividend income at a rate of 30% (or at a reduced rate under an applicable income tax treaty). If a non-United States holder is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, such non-United States holder may obtain a refund of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

Sale, Exchange or Other Disposition

Generally, a non-United States holder will not be subject to U.S. federal income tax on gain realized upon the sale, exchange or other disposition of our Class A common stock unless (i) such non-United States holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other conditions are met, (ii) the gain is effectively connected with such non-United States holder's conduct of a trade or business in the United States, or where a tax treaty provides, the gain is attributable to a U.S. permanent establishment of such non-United States holder, or (iii) we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period preceding such sale, exchange or other disposition or the period that such non-United States holder held our Class A common stock.

We do not believe that we have been, are currently or are likely to be a U.S. real property holding corporation for U.S. federal income tax purposes. If we were to become a U.S. real property holding corporation, so long as our common stock is regularly traded on an established securities market and continue to be traded, a non-United States holder would be subject to U.S. federal income tax on any gain from the sale, exchange or other disposition of Class A common stock only if such non-United States holder actually or constructively owned more than 5% of our Class A common stock during the shorter of the five-year period preceding such sale, exchange or other disposition or the period that such non-United States holder held our Class A common stock.

Special rules may apply to non-United States holders, such as controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid federal income tax, that are subject to special treatment under the Code. These entities should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-United States holder at the time of his or her death generally will be included in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding Tax

Information reporting may apply to payments made to a non-United States holder on or with respect to our Class A common stock. Backup withholding tax (at the then applicable rate) may also apply to payments made to a non-United States holder on or with respect to our Class A common stock, unless the non-United States holder certifies as to it status as a non-United States holder under penalties of perjury or otherwise establishes an exemption, and certain other conditions are satisfied. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-United States holder will be allowed as a refund or a credit against such non-United States holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

UNDERWRITING

Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and Lehman Brothers Inc. are acting as the representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of Class A common stock set forth opposite the underwriter's name.

Underwriter	Number of shares
Citigroup Global Markets Inc.	
J.P. Morgan Securities Inc.	
Lehman Brothers Inc.	
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Deutsche Bank Securities Inc.	
Banc of America Securities LLC	
Bear, Stearns & Co. Inc.	
UBS Securities LLC	
Wachovia Capital Markets, LLC	
A.G. Edwards & Sons, Inc.	
HSBC Securities (USA) Inc.	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the shares to dealers at the public offering price less a concession not to exceed $ per share. The underwriters may allow, and dealers may reallow, a concession not to exceed $ per share on sales to other dealers. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms. The representatives have advised us that the underwriters do not intend sales to discretionary accounts to exceed five percent of the total number of shares of our Class A common stock offered by them.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of Class A common stock at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment.

We, our directors and executive officers, EMC and Intel have agreed that, for a period of 180 days from the date of this prospectus, we and they will not, without the prior written consent of Citi, JPMorgan and Lehman Brothers, offer, sell, contract to sell, pledge or otherwise dispose (including by effective economic disposition) of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act in respect of, any shares of our common stock or any securities convertible into, or exercisable or exchangeable for, shares of our common stock, or publicly announce an intention to effect any such transaction. The foregoing agreement does not apply to (a) the shares of Class A

common stock to be sold in this offering; (b) the filing of any registration statement on Form S-8 by us in respect of the Class A common stock or securities convertible into, or exercisable or exchangeable for, the Class A common stock; (c) offers, sales, contracts to sell, the issuance of or the registration of Class A common stock or securities convertible into, or exercisable or exchangeable for, the Class A common stock pursuant to an equity-based compensation plan of ours in effect at the time of the offering; (d) offers, sales, contracts to sell, the issuance of or the registration of Class A common stock by us as consideration for one or more acquisitions, provided that (i) the acquirer of such Class A common stock agrees to be subject to a lock-up agreement in the same form as agreed to by us, and (ii) the aggregate number of shares of Class A common stock issued or agreed to be issued by us in all such acquisitions (measured as of the date of the applicable acquisition agreement) does not exceed shares of Class A common stock; or (e) transfers of Class A common stock or securities convertible into, or exercisable or exchangeable for, Class A common stock by any person other than EMC or us by gift, donation to a charitable organization or transfer to a trust for the benefit of the transferring person or his immediate family, provided the recipient in each case agrees to be bound by the terms of the lock-up in the same form as agreed to by the transferring person, or transfers by will or the laws of descent and distribution. Citi, JPMorgan and Lehman Brothers, in their sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice. In addition, we have agreed with the underwriters that we will require, as a condition to participating in the exchange offer, participating employees who receive options to purchase our Class A common stock and restricted stock awards of our Class A common stock in the exchange to agree to the foregoing lock-up restrictions, subject to the foregoing exceptions, for a period of 180 days from the date of this prospectus. We may release the securities subject to these lock-up agreements only with the prior written consent of Citi, JPMorgan and Lehman Brothers in their sole discretion. Such release may occur at any time and without notice.

The 180-day lock-up period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 180-day period we issue an earnings release or announce material news or a material event relating to us occurs; or (2) prior to the expiration of the 180-day period, we announce that we will release earnings results during the 16-day period following the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or event, unless Citi, JPMorgan and Lehman Brothers waive this extension in their sole discretion.

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of the shares described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of shares described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state. This EEA selling restriction is in addition to any other selling restrictions set out below.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the underwriters.

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or by the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier* ;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers* , does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier* .

The offering of the shares has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa* , the "CONSOB") pursuant to Italian securities legislation and, accordingly, the shares may not and will not be offered, sold or delivered, nor may or will copies of this prospectus or any other documents relating to the shares be distributed in Italy, except (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended, (the "Regulation No. 11522") or (ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the "Financial Service Act") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Any offer, sale or delivery of the shares or distribution of copies of this prospectus or any other document relating to the shares in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended (the "Italian Banking Law"), Regulation No. 11522, and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Any investor purchasing the shares in the offering is solely responsible for ensuring that any offer or resale of the shares it purchased in the offering occurs in compliance with applicable laws and regulations.

This prospectus and the information contained herein are intended only for the use of its recipient and, unless in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the "Financial Service Act" and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended, is not to be distributed, for any reason, to any third party resident or located in Italy. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Italy has only partially implemented the Prospectus Directive, the provisions under the heading "European Economic Area" above shall apply with respect to Italy only to the extent that the relevant provisions of the Prospectus Directive have already been implemented in Italy.

Insofar as the requirements above are based on laws that are superseded at any time pursuant to the implementation of the Prospectus Directive, such requirements shall be replaced by the applicable requirements under the relevant implementing measure of the Prospectus Directive.

Prior to this offering, there has been no public market for our Class A common stock. Consequently, the initial public offering price for the shares was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our record of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the prices at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our common stock will develop and continue after this offering.

Our Class A common stock has been approved for listing on the New York Stock Exchange under the symbol "VMW."

The following table shows the underwriting discounts that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	Paid by VMware	
	No Exercise	Full Exercise
Per share	$	$
Total	$	$

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of shares of our Class A common stock in excess of the number of shares to be purchased by the underwriters in this offering, which creates a syndicate short position. "Covered" short sales are sales of shares made in an amount up to the number of shares represented by the underwriters' over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short positions involve either purchases of the common stock in the open market after the distribution has been competed or the exercise of the over-allotment option. The underwriters may also make "naked" short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of Class A common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters repurchase shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the exchange on which we are listed or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our portion of the total expenses of this offering will be approximately $ million.

The underwriters have performed investment banking and advisory services for EMC from time to time for which they have received customary fees and expenses. The underwriters may, from time to time in the future, engage in transactions with and perform services for us and EMC in the ordinary course of their business.

A prospectus in electronic format may be made available by one or more of the underwriters on a website maintained by a third-party vendor or by one or more of the underwriters. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders. Other than the prospectus in electronic format, the information on such website is not part of the prospectus.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

LEGAL MATTERS

Selected legal matters with respect to the validity of the Class A common stock offered by this prospectus will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Boston, Massachusetts. The underwriters are represented by Cleary Gottlieb Steen & Hamilton LLP.

EXPERTS

The financial statements as of December 31, 2006 and 2005, for each of the two years in the period ended December 31, 2006 and for the period from January 9, 2004 to December 31, 2004, included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement under the Securities Act with respect to the Class A common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. Please refer to the registration statement, exhibits and schedules for further information with respect to the Class A common stock offered by this prospectus. Statements contained in this prospectus regarding the contents of any contract or other document are summaries of the terms of such contracts and documents. We encourage you to read the contracts or documents filed as exhibits to the registration statement. A copy of the registration statement and its exhibits and schedules may be inspected without charge at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at www.sec.gov.

Upon completion of this offering, we will be subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and we intend to file reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference room and the website of the SEC referred to above.

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Note: All other financial statement schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of VMware, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholder's equity (deficit) and cash flows present fairly, in all material respects, the financial position of VMware, Inc. and its subsidiaries at December 31, 2006 and December 31, 2005, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2006, and for the period from January 9, 2004 to December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed on page F-35 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A to the consolidated financial statements, the Company changed the manner in which it accounts for share-based compensation in 2006.

/s/ PricewaterhouseCoopers LLP
San Jose, California
April 17, 2007, except for Note A—Revision of Financial
Statement Presentation, as to which
the date is July 5, 2007

VMware, Inc.

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	March 31, 2007 (unaudited)	December 31, 2006	December 31, 2005
ASSETS			
Current assets:			
Cash and cash equivalents	$ 258,468	$ 176,134	$ 38,653
Accounts receivable, less allowance for doubtful accounts of $2,527 (unaudited), $2,139 and $1,589, respectively	146,892	193,710	96,481
Due from EMC, net	58,423	2,245	—
Deferred income taxes	34,424	27,656	20,867
Other current assets	21,396	22,686	5,973
Total current assets	519,603	422,431	161,974
Furniture, fixtures and equipment, net	58,478	48,675	19,341
Other assets, net	50,731	49,912	26,092
Deferred tax asset	17,797	20,935	6,407
Intangible assets, net	37,230	43,515	59,737
Goodwill	560,478	560,482	526,252
Total assets	$1,244,317	$1,145,950	$ 799,803
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 42,259	$ 44,227	$ 12,465
Accrued expenses	104,281	103,321	42,417
Due to EMC, net	—	—	46,403
Income taxes payable to EMC, current portion	107,495	87,598	63,273
Deferred revenue, current portion	262,120	242,603	131,614
Total current liabilities	516,155	477,749	296,172
Note payable to EMC (see Note M)	800,000	800,000	—
Income taxes payable to EMC, net of current portion	5,903	4,522	1,810
Deferred revenue, net of current portion	78,134	63,912	16,842
Deferred tax liability	27,618	30,579	31,150
Commitments (see Note H)			
Stockholder's equity (accumulated deficit):			
Series preferred stock, par value $.01; authorized 100,000 share; no shares outstanding	—	—	—
Class A common stock, par value $.01; authorized 2,500,000 shares; issued and outstanding 32,500 shares at March 31, 2007 (unaudited), December 31, 2006 and 2005	325	325	325
Class B convertible common stock, par value $.01; authorized 1,000,000 shares; issued and outstanding 300,000 shares at March 31, 2007 (unaudited), December 31, 2006 and 2005	3,000	3,000	3,000
Additional paid-in capital	6,239	—	560,649
Deferred compensation	—	—	(110,145)
(Accumulated deficit)	(193,057)	(234,137)	—
Total stockholder's equity (deficit)	(183,493)	(230,812)	453,829
Total liabilities and stockholder's equity (deficit)	$1,244,317	$1,145,950	$ 799,803

The accompanying notes are an integral part of the consolidated financial statements.

VMware, Inc.

CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)

	For the Three Months Ended March 31,		For the Year Ended December 31,		For the Period from January 9, 2004 to December 31, 2004
	2007	2006	2006	2005	
	(unaudited)				
Revenues:					
License	$169,557	$ 90,300	$491,902	$287,006	$ 178,873
Services	89,138	38,777	212,002	100,068	39,883
	258,695	129,077	703,904	387,074	218,756
Costs of revenues:					
Cost of license revenues	20,556	12,405	59,202	40,340	32,811
Cost of services revenues	23,468	9,599	64,180	24,852	12,625
	44,024	22,004	123,382	65,192	45,436
Gross profit	214,671	107,073	580,522	321,882	173,320
Operating expenses:					
Research and development	54,958	22,335	148,254	72,561	43,900
Sales and marketing	86,707	42,566	238,327	124,964	59,976
General and administrative	26,624	11,847	69,602	30,762	19,037
In-process research and development	—	—	3,700	—	15,200
Operating income	46,382	30,325	120,639	93,595	35,207
Investment income	2,977	340	3,271	3,077	53
Other income (expense), net	59	(348)	(1,363)	(1,332)	(110)
Income before taxes	49,418	30,317	122,547	95,340	35,150
Income tax provision	8,338	9,981	36,832	28,565	18,369
Income before cumulative effect of a change in accounting principle	41,080	20,336	85,715	66,775	16,781
Cumulative effect of a change in accounting principle, net of tax of $0, $108, $108, $0 and $0	—	175	175	—	—
Net income	$ 41,080	$ 20,511	$ 85,890	$ 66,775	$ 16,781
Net income per weighted average share, basic for Class A and Class B (amounts for Class A and Class B shares are the same under the two-class method. See note A):					
Income per share before cumulative effect of a change in accounting principle	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05
Cumulative effect of a change in accounting principle	—	—	—	—	—
Net income per share	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05
Net income per weighted average share, diluted for Class A and Class B (amounts for Class A and Class B shares are the same under the two-class method. See note A):					
Income per share before cumulative effect of a change in accounting principle	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05
Cumulative effect of a change in accounting principle	—	—	—	—	—
Net income per share	$ 0.12	$ 0.06	$ 0.26	$ 0.20	$ 0.05
Weighted average shares, basic and diluted for Class A and Class B	332,500	332,500	332,500	332,500	332,500
Unaudited pro forma net income per weighted average share, basic for Class A and Class B (amounts for Class A and Class B shares are the same under the two-class method. See note A):					
Income per share before cumulative effect of a change in accounting principle for Class A and Class B	$ 0.11		$ 0.24		
Cumulative effect of a change in accounting principle for Class A and Class B	—		—		
Unaudited pro forma net income per share for Class A and Class B	$ 0.11		$ 0.24		
Unaudited pro forma net income per weighted average share, diluted for Class A and Class B (amounts for Class A and Class B shares are the same under the two-class method. See note A):					
Income per share before cumulative effect of a change in accounting principle for Class A and Class B	$ 0.11		$ 0.24		
Cumulative effect of a change in accounting principle for Class A and Class B	—		—		
Unaudited pro forma net income per share for Class A and Class B	$ 0.11		$ 0.24		
Unaudited pro forma weighted average shares, basic and diluted for Class A and Class B	363,366		363,366		

The accompanying notes are an integral part of the consolidated financial statements.

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VMware, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Three Months Ended March 31,		For the Year Ended December 31,		For the Period from January 9, 2004 to December 31, 2004
	2007	2006	2006	2005	
	(unaudited)				
Operating activities:					
Net income	$ 41,080	$ 20,511	$ 85,890	$ 66,775	$ 16,781
Adjustments to reconcile net income to net cash provided by operating activities:					
Cumulative effect of a change in accounting principle	—	(175)	(175)	—	—
Depreciation and amortization	21,197	12,568	66,573	39,461	30,188
In-process research and development	—	—	3,700	—	15,200
Stock-based compensation	11,644	6,469	51,226	27,071	19,543
Provision for doubtful accounts	457	316	763	202	1,224
Loss on disposal of fixed assets	106	123	4,488	—	—
Changes in assets and liabilities, net of acquisitions:					
Accounts receivable	46,361	13,878	(97,992)	(51,967)	(28,106)
Other assets	(606)	(1,019)	(9,076)	(2,120)	(718)
Due to (from) EMC	(56,178)	5,806	(48,365)	29,252	17,151
Accounts payable	(1,968)	3,516	31,762	7,751	(2,550)
Accrued expenses	960	(1,469)	60,904	20,909	6,237
Income taxes payable to EMC	14,696	5,527	(6,006)	44,062	10,943
Deferred income taxes, net	(6,591)	3,721	(21,888)	(22,683)	7,015
Deferred revenue	33,740	29,854	158,059	79,534	4,756
Other liabilities	—	—	—	—	(3,670)
Net cash provided by operating activities	104,898	99,626	279,863	238,247	93,994
Investing activities:					
Additions to furniture, fixtures and equipment	(16,584)	(10,440)	(52,574)	(20,652)	(5,987)
Capitalized software development costs	(6,672)	(12,342)	(32,523)	(21,558)	(8,155)
Business acquisitions, net of cash acquired	4	27	(46,541)	(2,163)	—
Decrease (increase) in restricted cash	688	172	(10,744)	(1,280)	179
Net cash used in investing activities	(22,564)	(22,583)	(142,382)	(45,653)	(13,963)
Financing activities:					
Dividends paid to EMC	—	—	—	(190,000)	(92,920)
Net cash used in financing activities	—	—	—	(190,000)	(92,920)
Net increase in cash and cash equivalents	82,334	77,043	137,481	2,594	(12,889)
Cash and cash equivalents at beginning of the period	176,134	38,653	38,653	36,059	48,948
Cash and cash equivalents at end of the period	$258,468	$115,696	$ 176,134	$ 38,653	$ 36,059
Supplemental disclosures of cash flow information					
Cash paid for interest	$ —	$ —	$ 481	$ 512	$ —
Cash paid for taxes	$ 254	$ 6	$ 64,074	$ 7,121	$ 412
Non-cash items:					
Dividend declared in the form of a note payable to EMC (see Note M)	$ —	$ —	$ 800,000	$ —	$ —
Fair value of EMC stock options issued in acquisition	$ —	$ —	$ 689	$ —	$ —

The accompanying notes are an integral part of the consolidated financial statements.

VMware, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
(in thousands)

	Class A Common Stock		Class B Convertible Common Stock		Additional Paid-in Capital	Deferred Compensation	(Accumulated Deficit)	Stockholder's Equity (Deficit)
	Shares	Par Value	Shares	Par Value				
Acquisition and capitalization of VMware, Inc.	32,500	$ 325	300,000	$ 3,000	$ 657,087	$ (47,300)	$ —	$ 613,112
Grants of EMC restricted stock, net of cancellations and withholdings	—	—	—	—	9,119	(9,119)	—	—
Amortization of deferred compensation	—	—	—	—	—	19,543	—	19,543
Benefit from tax sharing arrangement (see Note A)	—	—	—	—	3,766	—	—	3,766
Dividends declared	—	—	—	—	(76,139)	—	(16,781)	(92,920)
Net income	—	—	—	—	—	—	16,781	16,781
Balance, December 31, 2004	32,500	325	300,000	3,000	593,833	(36,876)	—	560,282
Grants of EMC restricted stock, net of cancellations and withholdings	—	—	—	—	103,885	(103,885)	—	—
Amortization of deferred compensation	—	—	—	—	—	30,616	—	30,616
Charge from tax sharing arrangement (see Note A)	—	—	—	—	(13,844)	—	—	(13,844)
Dividends declared	—	—	—	—	(123,225)	—	(66,775)	(190,000)
Net income	—	—	—	—	—	—	66,775	66,775
Balance, December 31, 2005	32,500	325	300,000	3,000	560,649	(110,145)	—	453,829
Cumulative effect of change in accounting principle (see Note I)	—	—	—	—	1,060	—	—	1,060
EMC stock options issued in acquisitions	—	—	—	—	689	—	—	689
Charge from tax sharing arrangement (see Note A)	—	—	—	—	(32,286)	—	—	(32,286)
Stock-based compensation expense	—	—	—	—	60,006	—	—	60,006
Reclassification of deferred compensation	—	—	—	—	(110,145)	110,145	—	—
Dividends declared (see Note M)	—	—	—	—	(479,973)	—	(320,027)	(800,000)
Net income	—	—	—	—	—	—	85,890	85,890
Balance, December 31, 2006	32,500	325	300,000	3,000	—	—	(234,137)	(230,812)
Charge from tax sharing arrangement (see Note A) (unaudited)	—	—	—	—	(6,583)	—	—	(6,583)
Stock-based compensation expense (unaudited)	—	—	—	—	12,822	—	—	12,822
Net income (unaudited)	—	—	—	—	—	—	41,080	41,080
Balance, March 31, 2007 (unaudited)	32,500	$ 325	300,000	$ 3,000	$ 6,239	$ —	$ (193,057)	$ (183,493)

The accompanying notes are an integral part of the consolidated financial statements.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. The Company and Summary of Significant Accounting Policies

Background

VMware, Inc. ("VMware" or the "Company") is the leading provider of virtualization solutions. VMware's virtualization solutions represent a pioneering approach to computing that separates the operating system and application software from the underlying hardware to achieve significant improvements in efficiency, availability, flexibility and manageability. VMware's broad and proven suite of virtualization solutions addresses a range of complex IT problems that include infrastructure optimization, business continuity, software lifecycle management and desktop management.

On January 9, 2004, EMC Corporation ("EMC") acquired all the outstanding capital stock of VMware. The acquisition was accounted for as a purchase. Accordingly, all assets and liabilities were adjusted to their fair market value. For financial statement purposes, the allocation of the purchase price paid by EMC for VMware has been reflected in VMware's stand-alone financial statements.

The purchase price paid by EMC, net of cash received, was $613.1 million, which consisted of $539.4 million of cash, $72.0 million in fair value of EMC's stock options and $1.7 million of transaction costs, which primarily consisted of fees paid for financial advisory, legal and accounting services. The fair value of EMC's stock options issued to VMware employees was estimated using a Black-Scholes option-pricing model. The fair value of the stock options was estimated assuming no expected dividends and the following EMC weighted-average assumptions:

Expected life (in years)	4.0
Expected volatility	60.0%
Risk-free interest rate	2.0%

The intrinsic value allocated to the unvested options issued in the acquisition that had yet to be earned as of the acquisition date was $47.3 million and was initially recorded as deferred compensation in the purchase price allocation. Deferred compensation which related to those earlier awards has been eliminated against additional paid-in capital in conjunction with the adoption of Financial Accounting Standards No. 123 R, "Shared-Based Payments" ("FAS No. 123R").

The following represents the allocation of the initial purchase price (table in thousands):

Current assets	$ 18,659
Furniture, fixtures and equipment	2,472
Other long-term assets	1,520
Intangible assets:	
Goodwill	527,272
Developed technology (weighted-average useful life of 4.6 years)	93,610
Support and subscription contracts (weighted-average useful life of 9.0 years)	3,950
x86 system vendor contracts (weighted-average useful life of 5.0 years)	5,570
Trademarks and tradenames (weighted-average useful life of 5.0 years)	7,580
Non-solicitation agreements (weighted-average useful life of 3.0 years)	40
Acquired in-process research and development ("IPR&D")	15,200
Total intangible assets	653,222
Deferred compensation	47,300
Current liabilities	(85,054)
Deferred income taxes	(21,337)
Long-term liabilities	(3,670)
Total purchase price	$613,112

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In determining the purchase price allocation, EMC considered, among other factors, its intention to use the acquired assets, historical demand and estimates of future demand of VMware's products and services. The fair value of intangible assets was primarily based upon the income approach. The rate used to discount the net cash flows to their present values was based upon a weighted average cost of capital of 14%. The discount rate was determined after consideration of market rates of return on debt and equity capital, the weighted average return on invested capital and the risk associated with achieving forecast sales related to the technology and assets acquired from VMware.

The total weighted-average amortization period for the intangible assets subject to amortization is 4.8 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized, which in general reflects the cash flows generated from such assets. None of the goodwill is deductible for income tax purposes.

IPR&D of $15.2 million was written off at the date of acquisition because the IPR&D had no alternative uses and had not reached technological feasibility. The value assigned to IPR&D was determined utilizing the income approach by determining cash flow projections relating to the IPR&D projects. The stage of completion of each in-process project was estimated to determine the discount rate to be applied to the valuation of the in-process technology. Based upon the level of completion and the risk associated with in-process technology, a discount rate of 50% was deemed appropriate for valuing the IPR&D.

Prior to the acquisition by EMC, VMware's fiscal year ended on January 31. In connection with the acquisition, VMware's fiscal year end was changed to December 31 to conform to EMC's year end. The results of operations of the predecessor for the first eight days of the new fiscal year ended December 31, 2004 have been excluded from the consolidated financial statements.

VMware is currently a wholly owned subsidiary of EMC. VMware's certificate of incorporation was amended to authorize shares of Class A and Class B common stock. After a conversion of existing common stock into Class A and Class B common stock, EMC holds 32.5 million shares of Class A common stock and 300.0 million shares of Class B common stock. The ownership rights of Class A and Class B common stockholders are the same except with respect to voting, conversion, certain actions that require the consent of holders of Class B and other protective provisions. Each share of Class B common stock has ten votes while each share of Class A common stock has one vote for all matters to be voted on by stockholders. The capitalization of the Company, including all share and per share data has been retroactively adjusted to reflect the recapitalization.

As discussed in Note M, in April 2007, the Company declared an $800.0 million dividend to EMC payable in the form of a note. The dividend has been given retroactive treatment in the December 31, 2006 consolidated balance sheet.

Basis of Presentation

The financial statements have been derived from the consolidated financial statements and accounting records of EMC using the historical results of operations and historical basis of assets and liabilities for VMware and its wholly owned subsidiaries. The financial statements include expense allocations for certain corporate functions provided to VMware by EMC, including general corporate expenses. These allocations were based on estimates of the level of effort or resources incurred on behalf of VMware. Additionally, certain other costs incurred by EMC for the direct benefit of VMware, such as rent, salaries and benefits have been included in VMware's financial statements.

Management believes the assumptions underlying the financial statements and the above allocations are reasonable. However, the financial statements included herein may not necessarily reflect results of operations,

financial position and cash flows as if VMware had operated as a stand-alone company during all periods presented. Accordingly, historical results of VMware should not be relied upon as an indicator of the future performance of VMware.

Accounting Principles

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of VMware and its subsidiaries. All intercompany transactions and balances between VMware and its subsidiaries have been eliminated.

Unaudited Financial Information

The accompanying consolidated balance sheet as of March 31, 2007, the consolidated statements of income and cash flows for the three months ended March 31, 2007 and 2006 and the consolidated statements of stockholder's equity for the three months ended March 31, 2007 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position and results of operations and cash flows for the three months ended March 31, 2007 and 2006. The financial data and other information disclosed in the notes to the financial statements related to the three-month periods are also unaudited. The results of the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the year ended December 31, 2007 or for any other interim period or for any other future year.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reporting periods and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Revenue Recognition

VMware derives revenue from the licensing of software and related services. VMware recognizes revenue for software products and related services in accordance with the American Institute of Certified Public Accountants' Statement of Position (SOP) 97-2, *"Software Revenue Recognition,"* as amended. VMware recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable.

The following summarizes the major terms of VMware's contractual relationships with customers and the manner in which VMware accounts for sales transactions.

License revenue .

VMware recognizes revenue from the sale of software when risk of loss transfers, which is generally upon shipment or electronic transfer.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

VMware licenses its software under perpetual licenses through its direct sales force and through its channel of distributors, resellers, x86 system vendors and systems integrators. VMware defers revenue relating to products that have shipped to its channel until its products are sold through the channel. VMware obtains sell-through information from distributors and resellers on a monthly basis. For VMware's channel partners who do not report sell-through data, VMware determines sell-through based on such distributors' and certain resellers' accounts receivable balances and other relevant factors. For x86 system vendors, revenue is recognized in arrears upon the receipt of binding royalty reports.

For all sales, VMware uses either a purchase order or a license agreement and a purchase order as evidence of an arrangement. Sales through distributors and resellers are evidenced by a master license agreement, together with purchase orders on a transaction-by-transaction basis.

The Company's return policy does not allow end-users to return products for a refund. Certain distributors and resellers may rotate stock when new versions of a product are released. VMware estimates future product returns at the time of sale. VMware's estimate is based on historical return rates, levels of inventory held by distributors and resellers and other relevant factors.

VMware offers rebates to certain of its channel partners. When rebates are based on the set percentage of actual sales, VMware recognizes the cost of the rebates as a reduction of revenue when the underlying revenue is recognized. When rebates are earned only if a cumulative level of sales is achieved, VMware recognizes the cost of the rebates as a reduction of revenue proportionally for each sale that is required to achieve the target.

VMware also offers marketing development funds to its channel partners. VMware records the cost of the marketing development funds, based on the maximum potential liability, as a reduction of revenue.

Services revenue .

Services revenue consists of software maintenance and professional services.

VMware recognizes maintenance revenues ratably over the contract period.

Professional services include design, implementation and training. Professional services are not considered essential to the functionality of VMware's products as these services do not alter the product capabilities and may be performed by customers or other vendors. Professional services engagements that have durations of 90 days or less are recognized in revenue upon completion of the engagement. Professional services engagements of more than 90 days for which VMware is able to make reasonably dependable estimates of progress toward completion are recognized on a proportional performance basis based upon the hours incurred. Revenue on all other engagements is recognized upon completion.

Multiple element arrangements .

VMware's software products are sold with maintenance and/or professional services. VSOE of fair value of professional services is based upon the standard rates VMware charges for such services when sold separately. VSOE for maintenance services is established by the rates charged in stand-alone sales of maintenance contracts or the stated renewal rate for maintenance included in the license agreement. The revenue allocated to software license included in multiple element contracts represents the residual amount of the contract after the fair value of the other elements has been determined.

Customers under maintenance agreements are entitled to receive updates and upgrades on a when-and-if-available basis. In the event upgrades have been announced but not delivered, product revenue is deferred after

the announcement date until delivery occurs unless the company has established VSOE of fair value for the upgrade. VSOE of fair value of upgrades is established based upon the price set by management. VMware has a history of selling upgrades on a stand-alone basis.

Deferred revenue includes unearned maintenance fees, professional services fees and license fees.

Foreign Currency Translation

The U.S. dollar is the functional currency of VMware's foreign subsidiaries. Gains and losses from foreign currency transactions are included in other expense, net, and consist of losses of $0.6 million in both 2006 and 2005.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of 90 days or less at the time of purchase. Cash equivalents consist of money market funds.

Under the terms of various agreements, VMware had restricted cash of $13.3 million and $2.5 million at December 31, 2006 and 2005, respectively. Of these amounts, $10.2 million and $2.5 million were included in other current assets at December 31, 2006 and 2005, respectively, and $3.1 million was included in other assets, net at December 31, 2006.

Allowance for Doubtful Accounts

VMware maintains an allowance for doubtful accounts for estimated probable losses on uncollectible accounts receivable. The allowance is based upon the creditworthiness of VMware's customers, historical experience, the age of the receivable and current market and economic conditions. Uncollectible amounts are charged against the allowance account.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are recorded at cost. Depreciation commences upon placing the asset in service and is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:

Furniture and fixtures	5 years
Equipment	2 to 5 years
Leasehold improvements	Shorter of lease term or useful life

Upon retirement or disposition, the asset cost and related accumulated depreciation are removed with any gain or loss recognized in the income statement. Repair and maintenance costs, including planned maintenance, are expensed as incurred.

Research and Development and Capitalized Software Development Costs

Costs incurred in the research and development of new software products are expensed as incurred until technological feasibility is established. Technological feasibility is defined as the earlier of the completion of a detail program design or a working model. Such costs include salaries and benefits, including stock-based compensation, consultants, facilities-related costs, equipment costs, and depreciation. Software development costs incurred subsequent to establishing technological feasibility through the general release of the software

products are capitalized. Capitalized costs are amortized over periods ranging from 18 to 24 months, which represent the products' estimated useful lives. Unamortized software development costs were $46.1 million (unaudited), $46.5 million and $25.8 million at March 31, 2007 and December 31, 2006 and 2005, respectively, and are included in other assets, net. Amortization expense was $8.0 million (unaudited), $2.8 million (unaudited), $22.3 million, $6.2 million and $1.3 million for the three months ended March 31, 2007 and 2006, and for the years ended December 31, 2006, 2005 and 2004, respectively. Amounts capitalized were $7.6 million (unaudited), $17.7 million (unaudited), $43.0 million, $25.1 million and $8.2 million for the three months ended March 31, 2007 and 2006, and for the years ended December 31, 2006, 2005 and 2004, respectively.

Long-lived Assets

Purchased intangible assets, other than goodwill, are amortized over their estimated useful lives which range from three to nine years. Goodwill is carried at its historical cost.

VMware periodically reviews long-lived assets for impairment in accordance with SFAS No. 144 "Accounting for Impairment or Disposal of Long-Lived Assets". VMware initiates reviews for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted cash flows to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value.

VMware tests goodwill for impairment in accordance with SFAS No. 142 "Goodwill and other Intangible Assets," in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Advertising

Advertising production costs are expensed as incurred. Advertising expense was $1.6 million, $0.9 million and $0.3 million in 2006, 2005 and 2004, respectively.

Income Taxes

Income taxes as presented herein are calculated on a separate tax return basis, although VMware is included in the consolidated tax return of EMC. Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax liabilities and assets are determined based on the difference between the tax basis of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which the differences are expected to reverse. Tax credits are generally recognized as reductions of income tax provisions in the year in which the credits arise. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

VMware does not provide for a U.S. income tax liability on undistributed earnings of VMware's foreign subsidiaries. The earnings of non-U.S. subsidiaries, which reflect full provision for non-U.S. income taxes, are currently indefinitely reinvested in non-U.S. operations or will be remitted substantially free of additional tax.

The difference between the income taxes payable that is calculated on a separate return basis and the amount actually paid to EMC pursuant to VMware's tax sharing agreement is presented as a component of additional paid-in capital.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Sales Taxes

Sales and other taxes collected from customers and subsequently remitted to government authorities are recorded as accounts receivable with a corresponding offset to sales tax payable. The balances are removed from the consolidated balance sheet as cash is collected from the customer and as remitted to the tax authority.

Earnings Per Share

Prior to the completion of the IPO, VMware had 32.5 million shares of Class A common stock and 300.0 million shares of Class B common stock outstanding. There is no difference between basic and diluted earnings per share because there were no outstanding options to purchase shares of VMware common stock or other potentially dilutive securities outstanding prior to the offering. For purposes of calculating earnings per share, the Company uses the two-class method. Because both classes share the same rights in dividends, basic and diluted earnings per share was the same for both classes. In connection with the IPO, eligible employees will be offered the right to exchange equity instruments held in EMC's common stock for equity instruments of VMware's common stock, and certain employees will be awarded stock option grants to purchase shares of VMware's common stock.

Unaudited pro forma per share data gives effect, in the weighted average shares used in the calculation, to the additional 30.9 million shares, which, when multiplied by the assumed offering price of $24.00 per share (the midpoint of the range set forth on the cover page of this prospectus), and after giving effect to a pro rata allocation of offering costs, would have been required to be issued to generate proceeds sufficient to pay the portion of the $800.0 million dividend declared in April 2007 (see Note M) that exceeded the most recent twelve months' earnings.

Comprehensive Income

Comprehensive income is equal to net income.

Concentrations of Risks

Financial instruments which potentially subject VMware to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. VMware places cash and cash equivalents in money market funds and limit the amount of investment with any one issuer.

VMware provides credit to distributors, resellers and certain end-user customers in the normal course of business. Credit is generally extended to new customers based upon industry reputation or a credit evaluation. Credit is extended to existing customers based on ongoing credit evaluations, prior payment history and demonstrated financial stability.

Two distributors accounted for 28% and 11%, respectively, of VMware's accounts receivable balance as of December 31, 2006. Two distributors accounted for 30% and 11%, respectively, of VMware's accounts receivable balance as of December 31, 2005. One of these distributors accounted for 29%, 30% and 27% of revenues in 2006, 2005 and 2004, respectively.

Accounting for Stock-Based Compensation

VMware employees have been granted stock options for and restricted stock awards of EMC's common stock. On January 1, 2006, FAS No. 123R became effective. The standard requires recognizing compensation

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

costs for all share-based payment awards made to employees based upon the awards' estimated grant date fair value. The standard covers employee stock options, restricted stock and employee stock purchases related to employee stock purchase plans. Additionally, VMware applied the provisions of the SEC's Staff Accounting Bulletin No. 107 on Share-Based Payment to VMware's adoption of FAS No. 123R. Previously, VMware elected to account for these share-based payment awards under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). Although the equity awards have been made for grants in EMC's common stock, for purposes of presentation within these financial statements, the compensation related to these equity grants has been included as a component of stockholder's equity.

FAS No. 123R was adopted using the modified prospective transition method which does not result in the restatement of results from prior periods, and, accordingly, the results of operations for the year ended December 31, 2006 and future periods will not be comparable to the historical results of operations of VMware.

Under the modified prospective transition method, FAS No. 123R applies to new equity awards and to equity awards modified, repurchased or canceled after the adoption date. Additionally, compensation cost for the portion of awards granted prior to the adoption date for which the requisite service has not been rendered as of the adoption date is recognized as the requisite service is rendered. The compensation cost for that portion of awards is based on the grant-date fair value of those awards as calculated in the prior period pro forma disclosures under FAS No. 123, "Accounting for Stock-Based Compensation" ("FAS No. 123") as reported by EMC. The compensation cost for those earlier awards is attributed to periods beginning on or after the adoption date using the attribution method that was used under FAS No. 123, which was the straight-line method. Instead of recognizing forfeitures only as they occur, VMware now estimates an expected forfeiture rate which is utilized to determine VMware's expense. Deferred compensation which related to those earlier awards has been eliminated against additional paid-in capital in conjunction with the adoption of FAS No. 123R.

For stock options, VMware has utilized the Black-Scholes option-pricing model to determine the fair value of VMware's stock option awards. For stock options and restricted stock, VMware recognizes compensation cost on a straight-line basis over the awards' vesting periods for those awards which contain only a service vesting feature.

In connection with the IPO, EMC will conduct an exchange offer enabling eligible VMware employees to exchange their options to acquire EMC common stock for options to acquire VMware common stock and to exchange restricted stock awards of EMC's common stock for restricted stock awards of VMware's common stock based on a formulaic exchange ratio which will be determined by dividing the two-day volume-weighted average price of EMC's common stock for the last two full days of the exchange offer by the initial public offering price of VMware's Class A common stock. The Company expects the exchange offer will expire on the date of the pricing of the offering. The exchange offer is being structured to generally retain the intrinsic value of the tendered EMC securities. The number of VMware options received in exchange for EMC options will be determined by multiplying the number of tendered EMC options by the exchange ratio. The exercise price of the VMware options received in exchange will be the exercise price of the tendered EMC options divided by the exchange ratio. The number of shares of VMware restricted stock received in exchange for EMC restricted stock will be determined by multiplying the number of tendered EMC restricted shares by the exchange ratio. The exchange offer will likely result in a reduction in diluted earnings per share due to the future inclusion of the potential VMware common shares.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revision of Financial Statement Presentation

The Company has revised its prior presentation of the cumulative effect of adopting the provisions of FAS No. 123R to now present the impact of recording the pro forma balance sheet amounts related to capitalized software costs as a credit to additional paid-in capital at January 1, 2006 as opposed to as a cumulative effect of accounting change that impacted net income. The effect of this change was immaterial to the consolidated financial statements and reduced net income for the full year 2006 and the three-months ended March 31, 2006 by $1,060,000 and increased additional paid-in capital at January 1, 2006 by the same amount. This change had no impact on the previously reported income before cumulative effect of a change in accounting principle or on cash flows from operating, financing or investing activities.

New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. VMware adopted FIN No. 48 on January 1, 2007, and it did not have a material impact on our financial statements.

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS No. 157"), which addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under generally accepted accounting principles. FAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and should be applied prospectively, except in the case of a limited number of financial instruments that require retrospective application. VMware is currently evaluating the potential impact of FAS No. 157 on VMware's financial position and results of operations.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115" ("FAS No. 159"). The new statement allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. FAS No. 159 is effective for fiscal years beginning after November 15, 2007. VMware is currently evaluating the potential impact of FAS No. 159 on VMware's financial position and results of operations.

B. Business Acquisitions, Goodwill and Intangible Assets

In June 2006, VMware acquired all of the outstanding capital stock of Akimbi Systems, Inc. ("Akimbi"), a developer of software that builds upon and leverages virtualization technology to improve the efficiency and effectiveness of enterprise application development operations and the IT organizations that support them. Through the acquisition of Akimbi, VMware's capabilities for virtualizing information by providing virtualization solutions to the development and test environments have been enhanced.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The purchase price, net of cash received, was $47.3 million, which consisted of $45.9 million of cash, $0.7 million in fair value of EMC's stock options and $0.7 million of transaction costs, which primarily consisted of fees incurred by VMware for financial advisory, legal and accounting services. The fair value of EMC's stock options issued to employees of Akimbi was estimated using a Black-Scholes option-pricing model. The fair value of the stock options was estimated assuming no expected dividends and the following weighted-average assumptions:

Expected life (in years)	2.5
Expected volatility	35.0%
Risk-free interest rate	5.0%

The consolidated financial statements include the results of Akimbi from the date of acquisition. The purchase price has been allocated to the tangible and identifiable intangible assets acquired and the liabilities assumed based on estimated fair values as of the acquisition date.

The following represents the allocation of the purchase price (table in thousands):

Current assets	$ 410
Furniture, fixtures and equipment	527
Other long-term assets	24
Intangible assets:	
Goodwill	34,254
Developed technology (weighted-average useful life of 5.0 years)	9,300
IPR&D	3,700
Total intangible assets	47,254
Current liabilities	(546)
Deferred income tax liability	(380)
Total purchase price	$47,289

In determining the purchase price allocation, VMware considered, among other factors, VMware's intention to use the acquired assets and historical and estimated future demand of Akimbi's products. The fair value of intangible assets was primarily based upon the income approach. The rate used to discount the net cash flows to their present values was based upon a weighted average cost of capital of 25%. The discount rate was determined after consideration of market rates of return on debt and equity capital, the weighted average return on invested capital and the risk associated with achieving forecasted sales related to the technology and assets acquired from Akimbi.

The amortization period for the developed technology is 5.0 years. The developed technology is being amortized based upon the pattern in which the economic benefits of the asset is being utilized, which in general reflects the cash flows generated from the asset. None of the goodwill is deductible for income tax purposes.

The IPR&D of $3.7 million was written off at the date of acquisition because it was determined that the IPR&D had no alternative uses and had not reached technological feasibility. The value assigned to IPR&D was determined utilizing the income approach by determining cash flow projections relating to the identified IPR&D project. The stage of completion for the in-process project was estimated to determine the discount rates to be applied to the valuation of the in-process technology. Based upon the level of completion and the risk associated with in-process technology, VMware applied a discount rate of 35% to value the project.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Intangible Assets

Intangible assets, excluding goodwill as of December 31, 2006 and 2005, consist of (tables in thousands):

2006 Category	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Purchased technology	$ 102,910	$ (70,684)	$32,226
Trademarks and tradenames	7,580	(3,200)	4,380
Customer relationships and customer lists	5,290	(1,774)	3,516
Other	5,660	(2,267)	3,393
Total intangible assets, excluding goodwill	$ 121,440	$ (77,925)	$43,515

2005 Category	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Purchased technology	$ 93,610	$ (48,845)	$44,765
Trademarks and tradenames	7,580	(1,736)	5,844
Customer relationships and customer lists	5,290	(809)	4,481
Other	5,660	(1,013)	4,647
Total intangible assets, excluding goodwill	$ 112,140	$ (52,403)	$59,737

Amortization expense on intangibles was $25.5 million, $26.1 million and $26.3 million in 2006, 2005 and 2004, respectively. As of December 31, 2006, amortization expense on intangible assets for the next five years is expected to be as follows (table in thousands):

2007	$25,150
2008	12,344
2009	3,465
2010	1,807
2011	397
Total	$43,163

Changes in the carrying amount of goodwill for the years ended December 31, 2006 and 2005 consist of the following (table in thousands):

	2006	2005
Balance, beginning of the year	$526,252	$525,479
Goodwill acquired	34,258	4,644
Finalization of purchase price allocations	(28)	(3,871)
Balance, end of the year	$560,482	$526,252

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

C. Other Current Assets

Other current assets consists of (table in thousands):

	March 31, 2007 (unaudited)	December 31, 2006	December 31, 2005
Restricted cash	$ 10,002	$ 10,173	$ 2,515
Prepaid expenses	6,975	7,337	2,522
Other receivables	4,232	4,950	492
Other	187	226	444
	$ 21,396	$ 22,686	$ 5,973

D. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment consists of (table in thousands):

	March 31, 2007 (unaudited)	December 31, 2006	December 31, 2005
Furniture and fixtures	$ 5,139	$ 1,338	$ 99
Equipment	71,256	57,321	23,677
Improvements	16,721	11,456	2,758
Construction in progress	3,602	9,942	5,660
	96,718	80,057	32,194
Accumulated depreciation	(38,240)	(31,382)	(12,853)
	$ 58,478	$ 48,675	$ 19,341

Depreciation expense was $6.9 million (unaudited), $3.5 million (unaudited), $18.7 million, $7.2 million and $2.6 million for the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006, 2005 and 2004, respectively.

E. Accrued Expenses

Accrued expenses consist of (table in thousands):

	March 31, 2007 (unaudited)	December 31, 2006	December 31, 2005
Salaries and benefits	$ 42,256	$ 45,576	$ 20,720
Accrued rebates	31,365	28,655	7,891
Other	30,660	29,090	13,806
	$104,281	$ 103,321	$ 42,417

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

F. Income Taxes

VMware's provision for income taxes consists of (table in thousands):

	Years Ended December 31,		Period from January 9, 2004 to December 31, 2004
	2006	2005	
Federal:			
Current	$ 53,101	$ 47,088	$ 11,021
Deferred	(20,083)	(20,840)	5,957
	33,018	26,248	16,978
State:			
Current	3,096	2,942	(214)
Deferred	(2,184)	(1,653)	1,058
	912	1,289	844
Foreign:			
Current	2,902	1,028	547
Deferred	—	—	—
	2,902	1,028	547
Total provision for income taxes	$ 36,832	$ 28,565	$ 18,369

A reconciliation of VMware's income tax provision to the statutory federal tax rate is as follows:

	Years Ended December 31,		Period from January 9, 2004 to December 31, 2004
	2006	2005	
Statutory federal tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	0.7%	1.4%	2.4%
Tax rate differential for international jurisdictions	(21.0%)	(16.7%)	(12.4%)
U.S. tax credits	(4.9%)	(3.9%)	(8.0%)
Permanent items, including Subpart F Income, non-deductible stock-based compensation expenses and IPR&D charges	20.8%	16.1%	38.7%
Other	(0.5%)	(1.9%)	(3.4%)
Effective tax rate	30.1%	30.0%	52.3%

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of the current and non-current deferred tax assets are as follows (table in thousands):

	December 31, 2006		December 31, 2005	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Current:				
Accounts receivable	$ 630	$ —	$ 604	$ —
Accrued expenses	9,402	—	3,460	—
Deferred revenue	16,778	—	16,740	—
Net operating loss carryforwards	846	—	63	—
Total current	27,656	—	20,867	—
Non-current:				
Property, plant and equipment, net	2,749	—	1,007	—
Intangible and other assets, net	—	(30,579)	—	(31,150)
Deferred revenue	15,698	—	5,400	—
Credit carryforwards	612	—	—	—
Net operating loss carryforwards	1,876	—	—	—
Total non-current	20,935	(30,579)	6,407	(31,150)
Total deferred tax assets and liabilities	$ 48,591	$ (30,579)	$ 27,274	$ (31,150)

VMware has federal net operating loss carryforwards of $7.0 million from acquisitions in 2005 and 2006. These carryforwards expire at different periods through 2026. Portions of these carryforwards are subject to annual limitations, including Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), for U.S. tax purposes. VMware expects to be able to fully use these net operating losses against future income.

Deferred income taxes have not been provided on basis differences related to investments in foreign subsidiaries. These basis differences were approximately $12.9 million and $0.5 million at December 31, 2006 and 2005, respectively, and consisted of undistributed earnings permanently invested in these entities. The unrecognized deferred tax liability associated with these unremitted earnings is approximately $4.4 million and $0.1 million as of December 31, 2006 and 2005, respectively. Income before income taxes from foreign operations for 2006, 2005 and 2004 was $82.0 million, $48.5 million and $14.0 million, respectively.

The difference between the income taxes payable that is calculated on a separate return basis and the amount actually paid to EMC pursuant to VMware’s tax sharing agreement is presented as a component of additional paid-in capital. These differences resulted in an increase of additional paid-in capital of $3.8 million in 2004 and a decrease in additional paid-in capital of $13.8 million and $32.3 million in 2005 and 2006, respectively.

VMware adopted FASB Interpretation 48, “Accounting for Uncertainty in Income Taxes” (“FIN No. 48”), at the beginning of fiscal year 2007. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FAS No. 109, “Accounting for Income Taxes.” FIN No. 48 prescribes a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed “more-likely-than-not” to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. VMware had no changes to the amount of its income tax payable as a result of implementing FIN No. 48. Prior to

the adoption of FIN No. 48, VMware's policy was to classify accruals for uncertain positions as a current liability unless it was highly probable that there would not be a payment or settlement for such identified risks for a period of at least a year. VMware reclassified $4.5 million of income tax liabilities from current to non-current liabilities because a cash settlement of these liabilities is not anticipated within one year of the balance sheet date.

As of January 1, 2007, we had $4.4 million of unrecognized tax benefits; if recognized, all of this amount would be recognized as a reduction of income tax expense impacting the effective income tax rate. This amount did not change significantly during the three months ended March 31, 2007. We are subject to U.S. federal income tax and various state, local and international income taxes in numerous jurisdictions. Our domestic and international tax liabilities are subject to the allocation of revenues and expenses in different jurisdictions and the timing of recognizing revenues and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file.

We have substantially concluded all U.S. federal income tax matters for years through 2004. The U.S. federal income tax audit for 2005 and 2006 is scheduled to commence in June 2007, and we have income tax audits in progress in numerous state, local and international jurisdictions in which we operate. In our international jurisdictions that comprise a significant portion of our operations, the years that may be examined vary, with the earliest year being 2003. Based on the outcome of examinations of VMware, the result of the expiration of statutes of limitations for specific jurisdictions or the result of ruling requests from taxing authorities, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in our statement of financial position. It is possible that one or more of these audits may be finalized within the next 12 months. However, based on the status of examinations, and the protocol of finalizing audits, it is not possible to estimate the impact of such changes, if any, to our previously recorded uncertain tax positions.

We recognize interest expense and penalties related to income tax matters in income tax expense. In addition to the unrecognized tax benefits noted above, we had accrued $0.1 million of interest as of January 1, 2007. The amount did not change significantly during the three months ended March 31, 2007.

G. 401(k) Plan

VMware employees participate in EMC's 401(k) plan. VMware matches pre-tax employee contributions up to 6% of eligible compensation during each pay period (subject to the $750 maximum match each quarter). Matching contributions are immediately 100% vested. VMware contributions for employees were $3.1 million in 2006, $2.0 million in 2005 and $0.9 million in 2004.

Employees may elect to invest their contributions in a variety of funds, including an EMC stock fund. The 401(k) plan limits an employee's maximum investment allocation in the EMC stock fund to 30% of his or her total contribution. The matching contribution mirrors the investment allocation of the employee's contribution.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

H. Commitments and Contingencies

Operating Lease Commitments

VMware leases office facilities and equipment under various operating leases. Facility leases generally include renewal options. Rent expense for 2006, 2005 and 2004 was $14.0 million, $5.8 million and $3.8 million, respectively.

VMware's future lease commitments are as follows (table in thousands):

2007	$ 13,562
2008	8,966
2009	7,864
2010	7,617
2011	6,632
Thereafter	253,442
Total minimum lease payments	$298,083

Outstanding Obligations

At December 31, 2006 VMware had outstanding purchase orders aggregating $46.7 million. While the purchase orders are generally cancelable without penalty, certain vendor agreements provide for percentage-based cancellation fees or minimum restocking charges based on the nature of the product or service. In addition, VMware had outstanding construction contracts for VMware's new headquarter facilities aggregating $77.6 million at December 31, 2006. EMC currently reimburses VMware for the costs VMware incurs under these contracts and will continue to do so through the date of VMware's initial public offering, at which time VMware will purchase the facilities from EMC. Total costs incurred through December 31, 2006 were $63.5 million. There will be additional costs incurred through the initial public offering date.

Guarantees and Indemnification Obligations

VMware enters into agreements in the ordinary course of business with, among others, customers, distributors, resellers, x86 system vendors and systems integrators. Most of these agreements require VMware to indemnify the other party against third-party claims alleging that a VMware product infringes or misappropriates a patent, copyright, trademark, trade secret and/or other intellectual property right. Certain of these agreements require VMware to indemnify the other party against certain claims relating to property damage, personal injury or the acts or omissions of VMware, its employees, agents or representatives.

VMware has agreements with certain vendors, financial institutions, lessors and service providers pursuant to which VMware has agreed to indemnify the other party for specified matters, such as acts and omissions of VMware, its employees, agents or representatives.

VMware has procurement or license agreements with respect to technology that is used in VMware's products and agreements in which VMware obtains rights to a product from an x86 system vendor. Under some of these agreements, VMware has agreed to indemnify the supplier for certain claims that may be brought against such party with respect to VMware's acts or omissions relating to the supplied products or technologies.

VMware has agreed to indemnify the directors and officers of VMware and VMware's subsidiaries, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or officer.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In connection with certain acquisitions, VMware has agreed to indemnify the current and former directors, officers and employees of the acquired company in accordance with the acquired company's by-laws and charter in effect immediately prior to the acquisition or in accordance with indemnification or similar agreements entered into by the acquired company and such persons. VMware has maintained the acquired company's directors' and officers' insurance, which should enable VMware to recover a portion of any future amounts paid.

Based upon VMware's historical experience and information known as of December 31, 2006, VMware believes liability on the above guarantees and indemnities at December 31, 2006 is insignificant.

Litigation

VMware is a party to various legal proceedings which VMware considers routine and incidental to VMware's business. Management does not expect the results of any of these proceedings to have a material adverse effect on VMware's business, results of operations or financial condition.

I. Stockholder's Equity

Common Stock

Following this offering, VMware will have two classes of authorized common stock: Class A common stock and Class B common stock.

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of VMware's Class A common stock and Class B common stock are entitled to receive dividends, out of assets legally available, sharing equally in all such dividends on a per share basis, at the times and in the amounts that VMware's board of directors may determine from time to time.

Conversion Rights

Each share of Class B common stock is convertible while held by EMC or its successor-in-interest at the option of EMC or its successor-in-interest into one share of Class A common stock. If VMware's Class B common stock is distributed to security holders of EMC in a transaction (including any distribution in exchange for shares of EMC's or its successor-in-interest's common stock or other securities) intended to qualify as a distribution under Section 355 of the Code, or any corresponding provision of any successor statute, shares of VMware's Class B common stock will no longer be convertible into shares of Class A common stock. Prior to any such distribution, all shares of Class B common stock will automatically be converted into shares of Class A common stock upon the transfer of such shares of Class B common stock by EMC other than to any of EMC's successors or any of its subsidiaries (excluding VMware). If such a distribution has not occurred, each share of Class B common stock will also automatically convert at such time as the number of shares of common stock owned by EMC or its successor-in-interest falls below 20% of the outstanding shares of VMware's common stock. Following any such distribution, VMware may submit to its stockholders a proposal to convert all outstanding shares of Class B common stock into shares of Class A common stock, provided that VMware has received a favorable private letter ruling from the Internal Revenue Service satisfactory to EMC to the effect that the conversion will not affect the intended tax treatment of the distribution. In a meeting of VMware stockholders called for this purpose, the holders of VMware Class A common stock and VMware Class B common stock will be entitled to one vote per share and, subject to applicable law, will vote together as a single class and neither class of common stock will be entitled to a separate class vote. All conversions will be effected on a share-for-share basis.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Voting Rights

Except that holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by VMware's stockholders and except with respect to the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus, the holders of Class A common stock and Class B common stock have identical rights. The holders of VMware Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of directors on VMware's board of directors which it would have if there were no vacancies on the board of directors at the time. Subject to any rights of any series of preferred stock to elect directors, the holders of VMware Class A common stock and the holders of VMware Class B common stock, voting together as a single class, are entitled to elect the remaining directors, which at no time will be less than one director. In any such election, the holders of Class A common stock and the holders of Class B common stock are entitled to one vote per share. In the event that the rights of any series of preferred stock would preclude the holders of VMware Class A common stock and the holders of VMware Class B common stock, voting together as a single class, from electing at least one director, the board of directors will increase the number of directors prior to the issuance of that preferred stock to the extent necessary to allow these stockholders to elect at least one director. Generally, all other matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast at a meeting by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock. Additionally, following a distribution of VMware Class B common stock to security holders of EMC, any person or group that beneficially owns 10% or more of the Class B common stock will not have any right to vote their shares of Class B common stock in the election of directors unless that person or group of persons also beneficially owns at least an equivalent percentage of VMware Class A common stock with two exceptions:

- where such person or group obtains the consent of VMware's board of directors prior to acquiring beneficial ownership of at least 5% of VMware's common stock; or
- where such person or group acquires beneficial ownership of at least 5% of VMware's common stock solely as a result of a distribution of Class B common stock to EMC stockholders and, prior to acquiring one additional share of Class B common stock, such person or group obtains the consent of VMware's board of directors.

No Preemptive or Redemption Rights

VMware's Class A common stock and Class B common stock are not entitled to preemptive rights and are not subject to redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon VMware's liquidation, dissolution or winding-up, the holders of VMware's Class A common stock and Class B common stock are entitled to share equally in all of VMware's assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock.

Approval Rights of Holders of Class B Common Stock

In addition to any other vote required by law or by VMware's certificate of incorporation, until the first date on which EMC ceases to beneficially own 20% or more of the outstanding shares of VMware's common stock, the prior affirmative vote or written consent of EMC as the holder of the Class B common stock is required (subject in each case to certain exceptions) in order to authorize VMware to:

- consolidate or merge with any other entity;
- acquire the stock or assets of another entity in excess of $100 million;

- issue any stock or securities except to VMware's subsidiaries or pursuant to this offering or VMware's employee benefit plans;
- dissolve, liquidate or wind VMware up;
- declare dividends on VMware's stock;
- enter into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's; and
- amend, terminate or adopt any provision inconsistent with certain provisions of VMware's certificate of incorporation or bylaws.

Preferred Stock

Subject to the approval of the Class B stockholders, and subject to any requirements of the New York Stock Exchange, or any applicable national securities exchange, VMware's series preferred stock may be issued from time to time in one or more series, with such terms as VMware's board of directors may determine.

Equity Plans

VMware employees participate in the EMC Corporation 2003 Stock Plan (the "2003 Plan") which provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units. The exercise price for a stock option shall not be less than 100% of the fair market value of EMC's common stock on the date of grant. Options generally become exercisable in annual installments over a period of three to five years after the date of grant and expire ten years after the date of grant. Incentive stock options will expire no later than ten years after the date of grant. Restricted stock is common stock that is subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Awards of restricted stock that vest only by the passage of time will not vest fully in less than three years after the date of grant.

In addition to the 2003 Plan, VMware employees have participated in EMC's three employee stock option plans (the "1985 Plan," the "1993 Plan" and the "2001 Plan"). Under the terms of each of the three plans, the exercise price of incentive stock options issued must be equal to at least the fair market value of EMC's common stock on the date of grant. In the event that non-qualified stock options are granted under the 1985 Plan, the exercise price may be less than the fair market value at the time of grant, but in the case of employees not subject to Section 16 of the Securities Exchange Act of 1934, not less than par value (which is $0.01 per share), and in the case of employees subject to Section 16, not less than 50% of the fair market value on the date of grant. In the event that non-qualified stock options are granted under the 1993 Plan or the 2001 Plan, the exercise price may be less than the fair market value at the time of grant but not less than par value.

Employee Stock Purchase Plan

Under EMC's 1989 Employee Stock Purchase Plan (the "1989 Plan"), eligible VMware employees may purchase shares of EMC's common stock through payroll deductions at the lower of 85% of the fair market value of the stock at the time of grant or 85% of the fair market value at the time of exercise. Options to purchase shares are granted twice yearly, on January 1 and July 1, and are exercisable on the succeeding June 30 or December 31. In 2006, 2005 and 2004, 1.0 million shares, 0.5 million shares and 0.3 million shares, respectively, were purchased under the 1989 Plan by VMware employees at a weighted-average purchase price per share of $9.32, $11.61 and $9.58, respectively. Total cash proceeds to EMC from the purchase of shares under the 1989 Plan by VMware employees in 2006, 2005 and 2004 were $9.0 million, $5.3 million and $3.2 million, respectively.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock Options

The following tables summarize option activity for VMware employees in EMC stock options (shares in thousands):

	Number of Shares	Wtd. Avg. Exercise Price
VMware options exchanged for EMC options at January 8, 2004 (see Note A)	6,311	$ 1.59
Options relating to employees transferred from EMC	122	24.10
Granted	4,917	11.69
Forfeited	(469)	6.46
Expired	(39)	13.08
Exercised	(1,467)	1.22
Outstanding, December 31, 2004	9,375	6.95
Options relating to employees transferred from EMC	128	22.04
Granted	3,442	13.84
Forfeited	(1,021)	9.26
Expired	(11)	9.42
Exercised	(1,328)	3.41
Outstanding, December 31, 2005	10,585	9.59
Options relating to employees transferred from EMC	293	23.59
Options exchanged in a business acquisition	265	0.40
Granted	4,941	12.51
Forfeited	(847)	12.22
Expired	(114)	14.80
Exercised	(1,298)	2.35
Outstanding, December 31, 2006	13,825	11.23
Options relating to employees transferred from EMC (unaudited)	354	25.22
Granted (unaudited)	879	13.91
Forfeited (unaudited)	(207)	12.71
Expired (unaudited)	(14)	13.06
Exercised (unaudited)	(291)	3.79
Outstanding, March 31, 2007 (unaudited)	14,546	11.86

The total pre-tax intrinsic values of options exercised for the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006, 2005 and 2004 were $3.0 million (unaudited), $3.6 million (unaudited), $13.2 million, $13.6 million and $17.3 million, respectively. Cash proceeds from the exercise of stock options paid to EMC were $1.1 million (unaudited), $1.0 million (unaudited), $3.0 million, $4.5 million and $1.8 million for the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006, 2005 and 2004, respectively.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Summarized information about stock options outstanding that are expected to vest and stock options exercisable at March 31, 2007 (unaudited) is as follows (shares and intrinsic values in thousands):

	Options Outstanding and Expected to Vest				Options Exercisable			
Range of Exercise Price	Number of Options	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Aggregate Intrinsic Value	Number of Options	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
$ 0.01 - $ 5.00	1,887	5.90	$ 1.29	$23,699	1,724	5.68	$ 1.37	$21,514
$ 5.01 - $10.00	932	8.63	9.22	4,313	159	4.81	6.47	1,172
$10.01 - $15.00	9,112	8.33	12.98	8,852	2,197	7.35	12.55	3,104
$15.01 - $20.00	61	4.42	16.73	—	61	4.42	16.73	—
$20.01 - $30.00	25	2.38	27.49	—	25	2.38	27.49	—
$30.01 - $50.00	139	3.25	34.77	—	139	3.25	34.77	—
$50.01 - $70.00	72	3.01	60.61	—	72	3.01	60.61	—
$70.01 - $90.00	49	3.49	82.91	—	49	3.49	82.91	—
	12,277	7.84	11.75	$36,864	4,426	6.30	10.37	$25,790
Expected forfeitures	2,269							
Total options outstanding	14,546							

The aggregate intrinsic values in the preceding table represent the total pre-tax intrinsic values based on EMC's closing stock price of $13.85 as of March 31, 2007 which would have been received by the option holders had all in-the-money options been exercised as of that date.

Summarized information about stock options outstanding that are expected to vest and stock options exercisable at December 31, 2006 is as follows (shares and intrinsic values in thousands):

	Options Outstanding and Expected to Vest				Options Exercisable			
Range of Exercise Price	Number of Options	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Aggregate Intrinsic Value	Number of Options	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
$ 0.01 - $ 5.00	2,100	6.00	$ 1.29	$25,021	1,913	5.77	$ 1.37	$22,641
$ 5.01 - $10.00	893	9.17	9.34	3,451	136	4.87	6.56	902
$10.01 - $15.00	8,700	8.48	12.89	5,368	2,026	7.58	12.45	2,081
$15.01 - $20.00	39	5.01	16.46	—	38	4.61	16.57	—
$20.01 - $30.00	25	2.63	27.49	—	25	2.63	27.49	—
$30.01 - $50.00	68	3.58	35.52	—	68	3.58	35.52	—
$50.01 - $70.00	12	3.17	59.59	—	12	3.17	59.59	—
$70.01 - $90.00	45	3.71	83.85	—	45	3.71	83.85	—
	11,882	8.02	11.06	$33,840	4,263	6.51	8.67	$25,624
Expected forfeitures	1,943							
Total options outstanding	13,825							

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The aggregate intrinsic values in the preceding table represent the total pre-tax intrinsic values based on EMC's closing stock price of $13.20 as of December 31, 2006 which would have been received by the option holders had all in-the-money options been exercised as of that date.

Restricted Stock

The following tables summarize restricted stock activity for grants to VMware employees of EMC restricted stock in 2006, 2005 and 2004 (shares in thousands):

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted stock at January 8th, 2004	—	$ —
Granted	978	12.33
Outstanding, December 31, 2004	978	12.33
Granted	7,718	14.04
Vested	(622)	12.76
Forfeited	(172)	13.40
Outstanding, December 31, 2005	7,902	13.94
Granted	3,303	12.19
Vested	(1,967)	13.70
Forfeited	(425)	13.94
Restricted stock at December 31, 2006	8,813	13.34
Granted (unaudited)	48	13.93
Vested (unaudited)	(1,901)	14.01
Forfeited (unaudited)	(59)	13.16
Restricted stock at March 31, 2007 (unaudited)	6,901	13.16

The total fair values of EMC restricted stock that vested in the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006 and 2005 were $26.6 million (unaudited), $8.7 million (unaudited), $26.9 million and $7.9 million, respectively.

The EMC restricted stock awards have various vesting terms, including pro rata vesting over three years and cliff vesting at the end of five years from the date of grant with acceleration in each of the first three or four years for achieving specified performance criteria.

As of December 31, 2006, 8.8 million shares of EMC restricted stock were outstanding and unvested, with an aggregate intrinsic value of $117.6 million and a weighted average remaining contractual life of approximately 3.7 years. These shares are scheduled to vest through 2011. As of March 31, 2007, 6.9 million (unaudited) shares of EMC restricted stock were outstanding and unvested, with an aggregate intrinsic value of $90.8 million (unaudited) and a weighted average remaining contractual life of approximately 3.6 years (unaudited). These shares are scheduled to vest through 2011.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Impact of Adopting FAS No. 123R

The following table summarizes the components of total stock-based compensation expense included in VMware's consolidated income statement for the three months ended March 31, 2007 (table in thousands):

	Three Months Ended March 31, 2007 (unaudited)		
	Stock Options	Restricted Stock	Total Stock-Based Compensation
Cost of license sales	$ 25	$ 11	$ 36
Cost of services revenues	260	234	494
Research and development	1,274	5,118	6,392
Sales and marketing	1,259	1,685	2,944
General and administrative	435	1,343	1,778
Stock-based compensation expense before income taxes	3,253	8,391	11,644
Income tax benefit	1,062	1,862	2,924
Total stock-based compensation, net of tax	$2,191	$ 6,529	$ 8,720

Stock option expense includes $0.7 million (unaudited) of expense associated with the EMC employee stock purchase plan.

The following table summarizes the components of total stock-based compensation expense included in VMware's consolidated income statement in 2006 (table in thousands):

	Year Ended December 31, 2006		
	Stock Options	Restricted Stock	Total Stock-Based Compensation
Cost of license sales	$ 80	$ 19	$ 99
Cost of services revenues	1,248	1,136	2,384
Research and development	4,095	22,247	26,342
Sales and marketing	4,704	7,316	12,020
General and administrative	2,500	7,881	10,381
Stock-based compensation expense before income taxes	12,627	38,599	51,226
Income tax benefit	2,327	9,902	12,229
Total stock-based compensation, net of tax	$10,300	$28,697	$ 38,997

Stock option expense includes $2.5 million of expense associated with the EMC employee stock purchase plan.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In connection with the adoption of FAS No. 123R, VMware recorded to the income statement, a cumulative effect adjustment, net of taxes, of $0.2 million to record an amount for the reversal of the previously recognized compensation expense related to outstanding restricted stock awards that are not expected to vest based on an estimate of forfeitures as of the date of adoption of SFAS 123R. Additionally, VMware recorded to stockholder's equity, a cumulative effect adjustment, net of taxes, of $1.1 million to capitalize amounts associated with software development costs that were previously capitalized in VMware's pro forma compensation disclosures.

For the three months ended March 31, 2007 and 2006, and for the years ended December 31, 2006 and December 31, 2005 VMware capitalized $0.9 million (unaudited), $5.3 million (unaudited), $8.8 million and $3.5 million, respectively, of equity-based compensation expense associated with capitalized software development. For the three months ended March 31, 2007, VMware capitalized $0.3 million (unaudited) of equity-based compensation expense associated with software developed for internal use.

As of December 31, 2006, the total unrecognized after-tax compensation cost for stock options, restricted stock and options under the employee stock purchase plan was $97.6 million. This non-cash expense will be recognized through 2011 with a weighted average remaining period of 1.4 years.

As a result of adopting FAS No. 123R, VMware's income before taxes and net income in 2006 were $4.9 million and $1.5 million lower, respectively, than if VMware had continued to account for share-based compensation under APB No. 25. Basic and diluted earnings per share in 2006 would have been $0.01 higher if VMware had not adopted FAS No. 123R.

For the periods prior to 2006, VMware elected to apply APB No. 25 and related interpretations in accounting for VMware's stock-based compensation plans. For the acquisition of VMware by EMC, VMware exchanged the options held by VMware employees for EMC options as of the acquisition date. In accordance with APB No. 25, VMware recognized the fair value of the exchanged options as part of the purchase price. VMware also recorded the intrinsic value of the unvested options as compensation expense over the remaining service period subsequent to the acquisition.

For purposes of determining the pro forma impact of FAS No. 123 for 2005 and 2004, the Company's policy was to record the amount by which the fair value of the vested and unvested EMC stock awards exceeded the value of the acquirees' options that were being exchanged. The difference in the fair value of the EMC options exchanged as compared to the fair value of the options held by VMware's employees was insignificant.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following is a reconciliation of net income per weighted average share had VMware adopted the fair value recognition provisions of FAS No. 123 in 2005 and 2004 (table in thousands, except per share amounts):

	For the Year Ended December 31, 2005	For the Period from January 9, 2004 to December 31, 2004
Net income	$ 66,775	$ 16,781
Add back: Stock compensation costs, net of tax, on stock-based awards	21,423	16,458
Less: Stock compensation costs, net of taxes, had stock compensation expense been measured at fair value	(15,133)	(3,645)
Adjusted stock compensation expense per FAS No. 123, net of taxes	6,290	12,813
Adjusted net income	$ 73,065	$ 29,594
Net income per weighted average share, basic and diluted—as reported	$ 0.20	$ 0.05
Adjusted net income per weighted average share, basic and diluted	$ 0.22	$ 0.09

The fair value of each option granted during the three months ended March 31, 2007, and for the years ended December 31, 2006, 2005 and 2004 is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Three Months Ended March 31, 2007	For the Year Ended December 31,		For the Period from January 9, 2004 to December 31, 2004
		2006	2005	
	(unaudited)			
Stock Options				
Dividend yield	None	None	None	None
Expected volatility	30.1%	34.4%	40.8%	52.8%
Risk-free interest rate	4.7%	4.8%	4.0%	3.6%
Expected life (in years)	4.2	4.0	4.0	4.8
Weighted-average fair value at grant date	$ 4.45	$ 4.28	$ 5.22	$ 5.71

	Three Months Ended March 31, 2007	For the Year Ended December 31,		For the Period from January 9, 2004 to December 31, 2004
		2006	2005	
	(unaudited)			
Employee Stock Purchase Plan				
Dividend yield	None	None	None	None
Expected volatility	25.2%	27.6%	42.1%	49.5%
Risk-free interest rate	5.04%	4.9%	3.0%	1.4%
Expected life (in years)	0.5	0.5	0.5	0.5
Weighted-average fair value at grant date	$ 3.03	$ 2.86	$ 3.95	$ 3.48

Expected volatilities are based on historical and implied volatilities from traded options in EMC's stock. VMware uses EMC historical data to estimate the expected term of options granted within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

J. Related Party Transactions

For the three months ended March 31, 2007 and the year ended December 31, 2006, VMware recognized professional service revenue of $4.1 million (unaudited), and $1.4 million for services provided to EMC pursuant to contractual agreements with EMC.

For the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006 and 2005, VMware purchased $0.6 million (unaudited), $0.7 million (unaudited), $2.9 million and $0.6 million, respectively, of storage systems from EMC. The purchase amounts represent EMC's cost.

The financial statements include expense allocations for certain corporate functions provided by EMC, including accounting, treasury, tax, legal and human resources. These allocations were based on estimates of the level of effort or resources incurred on VMware's behalf. The total costs allocated from EMC were $2.3 million (unaudited) and $1.3 million (unaudited) for the three months ended March 31, 2007 and 2006, respectively, and $5.1 million in 2006, $5.3 million in 2005 and $4.5 million in 2004. Additionally, certain other costs incurred by EMC for VMware's direct benefit, such as rent, salaries and benefits have been included as expenses in VMware's financial statements. The total of these other costs were $20.2 million (unaudited) and $10.5 million (unaudited) for the three months ended March 31, 2007 and 2006, respectively, and $63.7 million in 2006, $27.1 million in 2005 and $7.3 million in 2004. As part of VMware's tax sharing arrangement, VMware paid EMC income taxes of $63.1 million and $6.6 million in 2006 and 2005, respectively, which differed from the amounts owed on a separate return basis. The difference between these amounts is presented as a component of stockholder's equity. VMware earned interest income on VMware's intercompany balance from EMC in the amount of $1.3 million (unaudited), $0.8 million and $2.6 million for the three months ended March 31, 2007 and the years ended December 31, 2006 and 2005, respectively. For the three months ended March 31, 2006, VMware incurred interest expense on VMware's intercompany balance to EMC in the amount of $0.1 million (unaudited). VMware's interest income and VMware's expenses as a separate, stand-alone company may be higher or lower than the amounts reflected in the financial statements.

K. Risks and Uncertainties

VMware's future results of operations involve a number of risks and uncertainties. Factors that could affect VMware's future operating results and cause actual results to vary materially from expectations include, but are not limited to: uncertainty in the potential market for VMware's products; increasing competition; the need for cooperation of operating system and hardware vendors; restrictions imposed upon VMware by EMC; reliance on distributors, resellers, x86 system vendors and systems integrators, dependence on VMware's existing management and key personnel; and protection of VMware's intellectual property rights.

L. Segment Information

VMware operates in one reportable segment in accordance with the provisions of SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. The chief operating decision maker is the President and Chief Executive Officer. VMware operates in one segment, therefore all financial segment information required by SFAS No. 131 can be found in the condensed consolidated financial statements.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revenues by geographic area are as follows (table in thousands):

	Three Months Ended March 31,		Year Ended December 31,		For the Period from January 9, 2004 to December 31,
	2007	2006	2006	2005	2004
	(unaudited)				
United States	$136,443	$66,683	$391,614	$209,600	$ 119,304
International	122,252	62,394	312,290	177,474	99,452
Total	$258,695	$129,077	$703,904	$387,074	$ 218,756

Long-lived assets, excluding financial instruments and deferred tax assets in the United States were $685.5 million (unaudited) at March 31, 2007, $694.0 million at December 31, 2006 and $628.9 million at December 31, 2005. No country other than the United States accounted for 10% or more of these assets at March 31, 2007, December 31, 2006 or 2005. Long-lived assets, excluding financial instruments and deferred tax assets, internationally were $18.8 million (unaudited) at March 31, 2007, $5.5 million at December 31, 2006 and $1.0 million at December 31, 2005.

VMware groups its products into portfolios that are categorized into the following classes:

Virtualization Platforms Products . The Company's virtualization platforms include a hypervisor for system partitioning that provides the capability to safely, securely and efficiently run multiple operating systems simultaneously on the same physical machine. The platforms products include VMware Player, VMware Workstation, VMware Server, VMware ESX Server, VMware Virtual SMP, and VMware VMFS products.

Virtual Infrastructure Management and Automation Products . The Company's virtual infrastructure management and automation products utilize the unique benefits of its virtualization platforms to automate system infrastructure services, such as resource management, availability, mobility and security, manage a virtualized environment and automate the interaction between various IT constituencies and the virtual infrastructure for a specific set of point solutions. They include VMware ACE, VMware VCB, VMware HA, VMware DRS, VMware VMotion, VMware VirtualCenter, VMware Lab Manager, VMware VDI, VMware Converter, VMware Capacity Planner.

Revenues by class of products or services were as follows:

	Year Ended December 31,		For the Period from January 9, 2004 to December 31,
	2006	2005	2004
Virtualization platform products	$281,336	$204,697	$ 147,960
Virtual infrastructure automation and management products	210,566	82,309	30,913
License revenues	491,902	287,006	178,873
Services revenues	212,002	100,068	39,883
Total	$703,904	$387,074	$ 218,756

One distributor accounted for 23% (unaudited), 28% (unaudited), 29%, 30%, and 27% of revenues in the three months ended March 31, 2007 and 2006, and the years ended December 31, 2006, 2005, and 2004, respectively. One channel partner accounted for 11% (unaudited) of revenue in the three months ended March 31, 2007.

VMWARE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

M. Subsequent Events

In April 2007, VMware acquired all of the capital stock of a privately-held company for $24.2 million. Through the acquisition VMware advanced VMware's desktop virtualization efforts. The acquired company provides software that connects users to their desktop deployed on VMware Infrastructure.

In April 2007, VMware declared an $800.0 million dividend to EMC. The dividend was paid in the form of a note. The note matures in April 2012 and bears an interest rate of the 90-day LIBOR plus 55 basis points, with interest payable quarterly in arrears commencing June 30, 2007. The note may be repaid, without penalty, at any time commencing July 2007. This dividend has been given retroactive effect as of December 31, 2006 in the accompanying consolidated balance sheet. The dividend was first applied against retained earnings until that was reduced to zero, then applied against additional paid-in-capital until that was reduced to zero, with the remainder then allocated using a reduction of retained earnings.

In April 2007, VMware entered into an agreement to acquire all of the capital stock of a privately-held offshore software development company for aggregate cash consideration of less than $10 million. VMware entered into the acquisition as part of its efforts to expand its software development operations.

In June 2007, VMware adopted the 2007 Equity and Incentive Plan. Awards under the 2007 Plan may be in the form of stock options or other stock-based awards including awards of restricted stock. The maximum number of shares of the VMware's Class A common stock reserved for the grant or settlement of awards under the 2007 Plan is 80 million. The exercise price for a stock option awarded under the 2007 Plan shall not be less than 100% of the fair market value of our common stock on the date of the grant. Most options granted under the 2007 Plan vest 25% after the first year and then monthly thereafter over the following three years. In June and July 2007, VMware's Compensation and Corporate Governance Committee made broad-based grants of these options to purchase 35,679,411 shares of Class A common stock with an exercise price of $23.00 per share. Certain options that may be granted to non-employee directors under the 2007 Plan are exercisable immediately, terminate if not exercised within one year and vest one-third on the first three anniversaries of the grant. In June 2007, VMware's Compensation and Corporate Governance Committee made grants of these options to purchase 120,000 shares of Class A common stock with an exercise price of $23.00 per share. All options expire six years from the date of grant. VMware's Compensation and Corporate Governance Committee also issued 452,676 restricted stock units under the 2007 Plan, 433,216 of which have terms that provide for 3-year cliff vesting, with performance acceleration in each of the first three years following achievement of certain performance goals. The remaining restricted stock units will vest ratably over four years from the date of the grant.

In July 2007, VMware entered into a stock purchase agreement with Intel, pursuant to which Intel, through its affiliate, Intel Capital, has agreed to purchase 9.5 million shares of our Class A common stock at $23.00 per share for an aggregate offering price of $218.5 million, subject to the expiration of the applicable waiting period under the HSR Act and the satisfaction of other customary closing conditions, including the absence of a material adverse change. If VMware does not complete an underwritten public offering with an aggregate price to the public of at least $250.0 million on or before December 31, 2007, Intel will have the right to exchange its Class A common stock for shares of Series A redeemable preferred stock, the terms of which will be designated prior to the closing of the Intel investment. VMware has also entered into an investor rights agreement with Intel pursuant to which Intel will have certain registration and other rights as a holder of VMware's Class A common stock.

VMWARE, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Allowance for Bad Debts	Balance at Beginning of Period	Allowance for Bad Debts Charged to Selling, General and Administrative Expenses	Charged to Other Accounts	Bad Debts Write-Offs	Balance at End of Period
Year ended December 31, 2006 allowance for doubtful accounts	$ 1,589	$ 763	$ —	$ (213)	$ 2,139
Year ended December 31, 2005 allowance for doubtful accounts	1,477	202	—	(90)	1,589
Period from January 9, 2004 to December 31, 2004 allowance for doubtful accounts	355	1,224	—	(102)	1,477

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33,000,000 Shares

VMware, Inc.

Class A Common Stock

PROSPECTUS

, 2007

Citi	**JPMorgan**	**Lehman Brothers**
Credit Suisse	**Merrill Lynch & Co.**	**Deutsche Bank Securities**
Banc of America Securities LLC	**Bear, Stearns & Co. Inc.**	**UBS Investment Bank**
Wachovia Securities	**A.G. Edwards**	**HSBC**

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

SEC registration fee	$ 29,126.63
NASD fee	$ 10,500
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Transfer agent fees and expenses	*
Miscellaneous	*
Total	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Delaware law permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting the personal liability of a director, but not an officer in his or her capacity as such, to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that such provision shall not eliminate or limit the liability of a director for (1) any breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) liability under section 174 of the Delaware General Corporation Law (the "DGCL") for unlawful payment of dividends or stock purchases or redemptions or (4) any transaction from which the director derived an improper personal benefit. Our certificate of incorporation will provide that, to the fullest extent of Delaware law, none of our directors will be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director.

Under Delaware law, a corporation may indemnify any person who was or is a party or is threatened to be made a party to any type of proceeding, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding if: (1) he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (2) with respect to any criminal proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that a person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful. A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against expenses, including attorneys' fees, actually and reasonably incurred in connection with such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made if the person is found liable to the corporation unless, in such a case, the court determines the person is nonetheless entitled to indemnification for such expenses. A corporation must also indemnify a present or former director or officer who has been successful on the merits or otherwise in defense of any proceeding, or in defense of any claim, issue or matter therein, against expenses, including attorneys' fees, actually and reasonably incurred by him or her. Expenses, including attorneys' fees, incurred by a director, officer, employee or agent, in

defending civil or criminal proceedings may be paid by the corporation in advance of the final disposition of such proceedings upon, in the case of a current director or officer, receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The Delaware law regarding indemnification and the advancement of expenses is not exclusive of any other rights a person may be entitled to under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

Our certificate of incorporation and bylaws generally provide for mandatory indemnification of directors and officers to the fullest extent permitted by law. We also intend to enter into indemnification agreements with our directors in the form filed as an exhibit to this Registration Statement that will generally provide for mandatory indemnification to the fullest extent permitted by law.

Delaware law also provides that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other entity, against any liability asserted against and incurred by such person, whether or not the corporation would have the power to indemnify such person against such liability. We will maintain, at our expense, an insurance policy that insures our officers and directors, subject to customary exclusions and deductions, against specified liabilities that may be incurred in those capacities.

Item 15. Recent Sales of Unregistered Securities.

The following relates to sales of securities that have occurred since June 1, 2004 that have not been registered under the Securities Act:

In June and July 2007, the registrant made broad-based equity awards under its 2007 Equity and Incentive Plan to its employees and non-employee directors, including grants of options to purchase an aggregate of 35,799,411 shares of Class A common stock with an exercise price of $23.00 per share and awards of 19,460 restricted stock units. These option grants and awards of restricted stock units did not require registration under the Securities Act because the grants and awards either did not involve a “sale” of securities as such term is used in Section 2 (3) of the Securities Act or were exempt from registration in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act.

On June 8, 2007, the registrant made an award of 433,612 restricted stock units to Mark Peek, its Chief Financial Officer. This award of restricted stock units was exempt from registration under the Securities Act pursuant to the exemption from registration provided by Rule 701 promulgated thereunder.

Item 16. Exhibits and Financial Statement Schedules.

(A) Exhibits:

Exhibit Number	Description
1.1	Form of Underwriting Agreement*
3.1	Amended and Restated Certificate of Incorporation

Exhibit Number	Description
3.2	Amended and Restated Bylaws
4.1	Form of specimen common stock certificate*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
10.1	Form of Master Transaction Agreement between the Registrant and EMC
10.2	Form of Administrative Services Agreement between the Registrant and EMC
10.3	Form of Tax Sharing Agreement between the Registrant and EMC
10.4	Form of Intellectual Property Agreement between the Registrant and EMC**
10.5	Form of Employee Benefits Agreement between the Registrant and EMC
10.6	Form of Real Estate License Agreement between the Registrant and EMC
10.7	Letter Agreement between the Registrant and Mark Peek+**
10.8	Form of Indemnification Agreement for directors and executive officers+**
10.9	2007 Equity and Incentive Plan+**
10.10	Promissory Note between the Registrant and EMC Corporation**
10.11	Form of Insurance Matters Agreement between the Registrant and EMC
10.12	Form of Option Agreement+**
10.13	Form of Restricted Stock Unit Agreement+**
10.14	2007 Employee Stock Purchase Plan+**
10.15	Letter Agreement between the Registrant and Thomas J. Jurewicz+**
10.16	Distribution Agreement between the Registrant and Ingram Micro***
10.17	Form of Real Estate Purchase and Sale Agreement between the Registrant and EMC
10.18	Class A Common Stock Purchase Agreement between the Registrant and Intel Capital
10.19	Investor Rights Agreement between the Registrant and Intel Capital
10.20	Form of Early Exercise Option Agreement+
21.1	List of subsidiaries**
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
24.1	Power of Attorney (included on signature page hereto)

\+ Management contract or compensatory plan or arrangement.
* To be filed by amendment.
** Previously filed.
*** Confidential treatment requested for certain portions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act, which portions are omitted and filed separately with the Securities and Exchange Commission.

(B) Financial Statement Schedules:

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 2 to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Palo Alto, State of California, on July 9, 2007.

VMWARE, INC.

By: /s/ Diane B. Greene
Name: **Diane B. Greene**
Title: **President and Chief Executive Officer and Director**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, the undersigned hereby constitute and appoint David I. Goulden and Paul T. Dacier and each of them, his or her true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, or any related registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Diane B. Greene **Diane B. Greene**	President and Chief Executive Officer (principal executive officer), and Director	July 9, 2007
* **Mark S. Peek**	Chief Financial Officer (principal financial officer, principal accounting officer)	July 9, 2007
* **Joseph M. Tucci**	Chairman of the Board of Directors	July 9, 2007
* **Michael W. Brown**	Director	July 9, 2007
* **John R. Egan**	Director	July 9, 2007
* **David I. Goulden**	Director	July 9, 2007
* **David N. Strohm**	Director	July 9, 2007
*By: /s/ Paul T. Dacier **Paul T. Dacier**	Attorney-in-Fact	July 9, 2007

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24.1	Power of Attorney (included on signature page hereto)

\+ Management contract or compensatory plan or arrangement.
* To be filed by amendment.
** Previously filed.
*** Confidential treatment requested for certain portions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act, which portions are omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

VMWARE, INC.

VMWARE, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is VMware, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on February 10, 1998 under its current name.
2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation") was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware. Pursuant to Sections 242 and 228 of the General Corporation Law of the State of Delaware, the amendments and restatement herein set forth have been duly adopted by the Board of Directors and the sole stockholder of the Corporation.
3. Pursuant to Section 245 of the General Corporation Law of the State of Delaware, this Certificate of Incorporation amends and integrates and restates the provisions of the Certificate of Incorporation of this Corporation.

The text of this Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the Corporation is VMware, Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

PURPOSE

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware (the "DGCL"), subject to the limitations and other restrictions contained herein.

ARTICLE IV

CAPITAL STOCK

A. The Corporation shall be authorized to issue three billion six hundred million (3,600,000,000) shares of capital stock, of which (i) two billion five hundred million (2,500,000,000) shares shall be shares of Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), (ii) one billion (1,000,000,000) shares shall be shares of Class B Common Stock, par value $.01 per share (the "Class B Common Stock"; the Class A Common Stock and the Class B Common Stock being collectively referred to herein as the "Common Stock"), and (iii) one hundred million (100,000,000) shares shall be shares of Preferred Stock, par value $.01 per share (the "Preferred Stock").

B. Shares of Preferred Stock may be issued from time to time in one or more series. The board of directors (the "Board of Directors") of the Corporation is hereby authorized by resolution or resolutions to provide for series of Preferred Stock to be issued and, by filing a certificate pursuant to the DGCL (a "Certificate of Designations"), to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding), and with respect to each such series, to fix the voting powers, if any, designations, preferences and the relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of any such series. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(i) the designation of the series, which may be by distinguishing number, letter or title;

(ii) the number of shares of the series, which number the Board of Directors may thereafter increase or decrease (but not below the number of shares thereof then outstanding);

(iii) whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series;

(iv) dates at which dividends, if any, shall be payable;

(v) the redemption rights and price or prices, if any, for shares of the series;

(vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(viii) whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;

(ix) restrictions on the issuance of shares of the same series or of any other class or series;

(x) the voting rights, if any, of the holders of shares of the series; and

(xi) such other powers, privileges, preferences and rights, and qualifications, limitations and restrictions thereof, as the Board of Directors shall determine.

C. The voting powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions of the Class A Common Stock and Class B Common Stock are as follows:

(i) Except as otherwise set forth below in this Article IV and in Article VII, the voting powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations or restrictions of the Class A Common Stock and Class B Common Stock shall be identical in all respects.

(ii) Subject to the other provisions of this Certificate of Incorporation and the provisions of any Certificate of Designations, the holders of Common Stock shall be entitled to receive such dividends and other distributions, in cash, stock of any entity or property of the Corporation, when and as may be declared thereon by the Board of Directors from time to

time out of assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in all such dividends and other distributions. No such dividend or distribution that is payable in shares of Common Stock, including distributions pursuant to stock splits or divisions of Common Stock, may be made unless: (a) shares of Class A Common Stock are paid or distributed only in respect of Class A Common Stock, (b) shares of Class B Common Stock are paid or distributed only in respect of Class B Common Stock, (c) no such dividend or distribution is made in respect of the Class A Common Stock unless simultaneously also made in respect of the Class B Common Stock, (d) no such dividend or distribution is made in respect of the Class B Common Stock unless simultaneously also made in respect of the Class A Common Stock and (e) the number of shares of Class A Common Stock paid or distributed in respect of each outstanding share of Class A Common Stock is equal to the number of shares of Class B Common Stock paid or distributed in respect of each outstanding share of Class B Common Stock.

(iii) (a) Except as may be otherwise required by law or by this Certificate of Incorporation and subject to any voting rights that may be granted to holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, all rights to vote and all voting power of the capital stock of the Corporation, whether for the election of directors or any other matter submitted to a vote of stockholders of the Corporation, shall be vested exclusively in the holders of Common Stock.

(b) Except as may be otherwise required by law or by this Certificate of Incorporation, at every meeting of the stockholders of the Corporation, in connection with the election of directors and on all other matters submitted to a vote of stockholders of the Corporation, (A) every holder of Class A Common Stock shall be entitled to one vote in person or by proxy for each share of Class A Common Stock standing in such holder's name on the transfer books of the Corporation, and (B) every holder of Class B Common Stock shall be entitled to 10 votes in person or by proxy for each share of Class B Common Stock standing in such holder's name on the transfer books of the Corporation. Except as may be otherwise required by law or by this Certificate of Incorporation, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class in connection with the election of directors and on all other matters submitted to a vote of stockholders of the Corporation, and the votes cast in respect of the Class A Common Stock and the Class B Common Stock shall be counted and totaled together.

(c) Notwithstanding anything to the contrary in this Section C(iii) of this Article IV or in Article VII, following a Distribution (as defined in Article XI hereof), for so long as any Person or group of Persons acting in concert beneficially own 10% or more of the outstanding shares of Class B Common Stock, such Person or group of Persons shall not, with respect to any shares of Class B Common Stock, have any voting powers in any election of directors or be entitled to exercise any voting rights in any election of directors

unless such Person or group of Persons is also the beneficial owner of at least an equivalent percentage of the outstanding shares of Class A Common Stock; provided, however, that this provision shall not apply to (A) any Person or group of Persons that, prior to acquiring beneficial ownership of 5% or more of the outstanding shares of Class B Common Stock, obtains the written consent of the Board of Directors and (B) EMC, or any Person to the extent that such Person acquires beneficial ownership of 5% or more of the outstanding shares of Class B Common Stock solely pursuant to a Distribution, provided that EMC or such Person obtains the written consent of the Board of Directors prior to acquiring beneficial ownership of any additional shares of Class B Common Stock following such Distribution.

(d) Every reference in this Certificate of Incorporation to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Common Stock, Class A Common Stock, or Class B Common Stock shall refer to such majority or other proportion of the votes to which such shares of Common Stock, Class A Common Stock or Class B Common Stock entitle their holders to cast as provided in this Certificate of Incorporation.

(iv) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Common Stock, and the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to receive the same amount per share in respect thereof. For purposes of this clause (iv) of this Section C, the voluntary sale, conveyance, lease, license, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other entities (whether or not the Corporation is the entity surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(v) In connection with any reorganization of the Corporation, any consolidation of the Corporation with one or more other entities or any merger of the Corporation with or into another entity, the holders of each share of Class A Common Stock and Class B Common Stock shall be entitled to receive the same per share consideration as the per share consideration, if any, received by the holders of each share of such other class of Common Stock. In the event that the holders of Class A Common Stock or of Class B Common Stock are granted rights to elect to receive one of two or more alternative forms of consideration in connection with such merger or consolidation, the foregoing provision shall be deemed satisfied if holders of Class A Common Stock and holders of Class B Common Stock are granted substantially identical election rights.

(vi) (a) The holders of Class A Common Stock shall not be entitled to convert any share of Class A Common Stock into any other security of the Corporation or any other property.

(b) Prior to the date of a Distribution (as defined in Article XI), the holders of Class B Common Stock shall be entitled to convert, at any time and from time to time, any share of Class B Common Stock into one (1) fully paid and non-assessable share of Class A Common Stock. Such right shall be exercised by the surrender to the Corporation of the certificate or certificates, if any, representing the shares of Class B Common Stock to be converted at any time during normal business hours at the principal executive offices of the Corporation or at the office of the Corporation's transfer agent (the "Transfer Agent"), accompanied by a written notice from the holder of such shares stating that such holder desires to convert such shares, or a stated number of the shares represented by such certificate or certificates, if any, into an equal number of shares of Class A Common Stock, and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and to the Transfer Agent, duly executed by such holder or such holder's duly authorized attorney, and transfer tax stamps or funds therefor if required pursuant to sub-clause (g) of this clause (vi) of this Section C. To the extent permitted by law, such voluntary conversion shall be deemed to have been effected at the close of business on the date of such surrender. Following a Distribution, shares of Class B Common Stock shall no longer be convertible into shares of Class A Common Stock.

(c) Prior to the date of a Distribution, upon any transfer by EMC (for purposes of clarity, other than the original issuance, a transfer in the form of a distribution by EMC to the stockholders of EMC in connection with a Distribution or a transfer by an EMC Company to another EMC Company) of any share of Class B Common Stock, such share shall immediately and automatically (and without any action on the part of the holder or the Corporation) convert into one (1) fully paid and non-assessable share of Class A Common Stock; provided, however, that no such conversion shall occur solely as a result of the pledge or hypothecation of, or existence of any other lien or encumbrance on, any share(s) of Class B Common Stock to secure a *bona fide* obligation, provided, further, that in the event of the foreclosure on any such lien or encumbrance, such conversion shall automatically occur upon the occurrence of such foreclosure.

(d) Following a Distribution, the Corporation may submit for stockholder approval, subject to the conditions set forth in this sub-paragraph (d), a proposal to convert all outstanding shares of Class B Common Stock into shares of Class A Common Stock; provided that the Corporation has previously received a favorable private letter ruling from the Internal Revenue Service, satisfactory to EMC in its sole and absolute discretion, to the effect that such

conversion will not affect the intended tax treatment of the Distribution. Notwithstanding the provisions of Section C(iii)(b) of this Article IV, at any meeting of stockholders at which such proposal is submitted to stockholders for their approval, each holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in such holder's name on the books of the Corporation. Subject to applicable law, approval of such conversion shall require approval by the affirmative vote of a majority of the votes entitled to be cast by the holders of the Class A Common Stock and Class B Common Stock, voting together as a single class, and neither class of Common Stock shall be entitled to a separate class or series vote. Such conversion shall be effective on the date on which such approval is given at a meeting of stockholders called for such purpose.

(e) Each share of Class B Common Stock shall automatically convert into one (1) fully paid and non-assessable share of Class A Common Stock on the date, if any, on which the outstanding shares of Class B Common Stock owned by EMC represent less than 20% of the aggregate number of shares of the then outstanding Common Stock, provided that, as at such date, a Distribution has not occurred. For the avoidance of doubt, Section C, paragraph (iii)(c) of this Article IV shall not apply to the preceding sentence.

(f) The Corporation shall provide notice of any automatic conversion of shares of Class B Common Stock pursuant to sub-clause (c) of this clause (vi) to holders of record of such shares of Common Stock as soon as practicable following such conversion; provided, however, that the Corporation may satisfy such notice requirements by providing such notice prior to such conversion. Such notice shall be provided by any means then permitted by the DGCL; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the automatic conversion of any shares of Class B Common Stock. Each such notice shall, as appropriate, (A) state the automatic conversion date; (B) identify the shares of Class B Common Stock that are automatically converted; and (C) the place or places where certificates if any, for such shares may be surrendered in exchange for certificates, if any, representing Class A Common Stock, or the method by which book-entry interest in the Class A Common Stock may be obtained in exchange for such certificates in respect of shares of Class B Common Stock.

(g) Immediately upon conversion of shares of Class B Common Stock in the manner provided in sub-clauses (b) or (c) of this clause (vi) of this Section D, as applicable, the rights of the holders of shares of Class B Common Stock as such shall cease, and such holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock; provided, however, that if the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the

provisions of this clause (vi) of this Section C is after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend and prior to the date on which such dividend is to be paid to such holders, the holder of the Class A Common Stock issued upon the conversion of such converted share of Class B Common Stock will be entitled to receive such dividend on such payment date, provided, however, that to the extent that such dividend is payable in shares of Class B Common Stock, no such shares of Class B Common Stock shall be issued in payment thereof and such dividend shall instead be paid by the issuance of such number of shares of Class A Common Stock into which such shares of Class B Common Stock, if issued, would have been convertible on such payment date.

(h) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon conversion, exchange or transfer of outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock that shall be issuable upon the conversion, exchange or transfer of all such outstanding shares of Class B Common Stock.

(i) The issuance of certificates, if any, for shares of Class A Common Stock upon conversion of shares of Class B Common Stock shall be made without charge to the holders of such shares for any stamp or other similar tax in respect of such issuance; provided, however, that if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, then the Person or Persons requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid or is not payable.

(j) The Corporation shall not reissue or resell any shares of Class B Common Stock that are converted into shares of Class A Common Stock pursuant to this clause (vi) of this Section C or that are acquired by the Corporation in any other manner. The Corporation shall, from time to time, take such appropriate action as may be necessary to retire such shares and to reduce the authorized number of shares of Class B Common Stock accordingly.

(vii) The holders of shares of Common Stock are not entitled to any preemptive right to subscribe for, purchase or receive any part of any new or additional issue of stock of any class or series of the Corporation, whether now or hereafter authorized, or of bonds, debentures or other securities convertible into or exchangeable for stock of the Corporation.

(viii) No stockholder shall be entitled to exercise any right of cumulative voting.

ARTICLE V

CORPORATE OPPORTUNITIES

A. In anticipation that the Corporation and EMC may engage in the same or similar activities or lines of business and have an interest in the same areas of corporate opportunities, and in recognition of the benefits to be derived by the Corporation through its continued contractual, corporate and business relations with EMC (including service of officers and directors of EMC as directors of the Corporation), and in addition to and subject to the limitations set forth in Article VI, the provisions of this Article V are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve EMC and its officers and directors, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

B. No contract, agreement, arrangement or transaction between the Corporation and EMC shall be void or voidable solely for the reason that EMC is a party thereto, and EMC (i) shall have fully satisfied and fulfilled any duties to the Corporation and its stockholders with respect thereto; (ii) shall not be liable to the Corporation or its stockholders for any breach of fiduciary duty by reason of the entering into, performance or consummation of any such contract, agreement, arrangement or transaction; (iii) shall be deemed to have acted in good faith and in a manner it reasonably believed to be in and not opposed to the best interests of the Corporation; and (iv) shall be deemed not to have breached any duties of loyalty to the Corporation and its stockholders and not to have received an improper personal gain therefrom, if the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to the Board of Directors or the committee thereof that authorizes the contract, agreement, arrangement or transaction, and the Board of Directors or such committee in good faith authorizes the contract, agreement, arrangement or transaction by the affirmative vote of a majority of the disinterested directors, even though less than a quorum. Directors of the Corporation who are also directors or officers of EMC may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract, agreement, arrangement or transaction.

C. EMC shall have the right to, and shall have no duty not to (i) engage in the same or similar business activities or lines of business as the Corporation, (ii) do business with any client or customer of the Corporation and (iii) employ or otherwise engage any officer or employee of the Corporation, and the Corporation shall not be deemed to have an interest or expectancy in any such activities merely because the Corporation engages in the same or similar activities. Neither EMC nor any officer or director thereof (except as provided in Section D of this Article) shall be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of any such activities of EMC or of such person’s participation therein. In the event that EMC acquires knowledge of a potential transaction or matter which may be a corporate

opportunity for both EMC and the Corporation, EMC shall have no duty to communicate or present such corporate opportunity to the Corporation, and the Corporation, to the fullest extent permitted by law, renounces any interest or expectancy in such corporate opportunity and waives any claim that such corporate opportunity should have been presented to the Corporation. EMC shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty as a stockholder of the Corporation by reason of the fact that EMC pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person or entity or does not present such corporate opportunity to the Corporation.

D. In the event that a director or officer of the Corporation who is also a director or officer of EMC acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and EMC and which may be properly pursued by the Corporation consistent with the provisions of Article VI hereof, such director or officer of the Corporation (i) shall be deemed to have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders with respect to such corporate opportunity, (ii) shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of the fact that EMC pursues or acquires such corporate opportunity for itself or direct such corporate opportunity to another person or does not present such corporate opportunity to the Corporation, (iii) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation for the purposes of Article X hereof and the other provisions of this Certificate of Incorporation and (iv) shall be deemed not to have breached such person's duty of loyalty to the Corporation or its stockholders or to have derived an improper personal economic gain therefrom for the purposes of Article X hereof and the other provisions of this Certificate of Incorporation, if such director or officer acts in good faith in a manner consistent with the following policy:

(w) where a corporate opportunity is offered to a person who is a director but not an officer of the Corporation and who is also a director or officer of EMC, the Corporation shall be entitled to pursue such opportunity only if such opportunity is expressly offered to such person solely in his or her capacity as a director of the Corporation;

(x) where a corporate opportunity is offered to a person who is an officer of both the Corporation and EMC, the Corporation shall be entitled to pursue such opportunity only if such opportunity is expressly offered to such person solely in his or her capacity as an officer of the Corporation;

(y) where a corporate opportunity is offered to a person who is an officer of the Corporation and who is also a director but not an officer of EMC, the Corporation shall be entitled to pursue such opportunity unless such opportunity is expressly offered to such person solely in his or her capacity as a director of EMC, in which case EMC shall be entitled to pursue such opportunity; and

(z) if an officer or director of the Corporation, who also serves as an officer or director of EMC, acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and EMC in any manner not addressed by Article V, Section D, clauses (w), (x) or (y), such officer or director shall have no duty to communicate or present such corporate opportunity to the Corporation and shall to the fullest extent permitted by law not be liable to the Corporation or its stockholders for breach of fiduciary duty as an officer or director of the Corporation by reason of the fact that EMC pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person or entity or does not present such corporate opportunity to the Corporation, and the Corporation to the fullest extent permitted by law renounces any interest or expectancy in such business opportunity and waives any claim that such business opportunity constituted a corporate opportunity that should be presented to the Corporation.

The provisions of this Section D are not intended to be an allocation of corporate opportunities between the Corporation and EMC or an exhaustive statement of corporate opportunities which may be available to the Corporation, pursuit of which shall be in accordance with this Certificate of Incorporation and applicable law.

E. In the event that a director, officer, employee or agent of the Corporation or EMC takes any action that is expressly contemplated by Sections I, II or III of the VMware Rules of Engagement with Storage, Server and Infrastructure Software Vendors, as such document may be amended from time to time with the approval of the Board of Directors, and such action is consistent with the provisions of Article VI, such director, officer, employee or agent of the Corporation or EMC (i) shall have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders, if applicable, with respect to such action, (ii) shall not be liable to the Corporation or its stockholders for breach of any applicable fiduciary duty by reason of the fact that such person takes such action, whether or not such action results in the acquisition of a corporate opportunity for the Corporation, (iii) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation, including without limitation, for the purposes of Article X and the other provisions of this Certificate of Incorporation and (iv) shall be deemed not to have breached such person's duty of loyalty to the Corporation or its stockholders, if applicable, or to have derived an improper personal economic gain therefrom, including without limitation, for the purposes of Article X and the other provisions of this Certificate of Incorporation;

F. For the purposes of this Article, "corporate opportunities" of the Corporation shall include business opportunities which the Corporation is financially able to undertake, which are, from their nature, in the line of the Corporation's business, are of practical advantage to it and are ones in which the Corporation has an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of EMC or its officers or directors will be brought into conflict with that of the Corporation;

(i) For purposes of this Article and Article VI, "Corporation" means the Corporation and all corporations, partnerships, joint ventures, limited liability companies, trusts, associations and other entities in which the Corporation owns (directly or indirectly) fifty percent (50%) or more of the outstanding voting stock, voting power, partnership interests or similar ownership interests.

G. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article.

H. Except for Section B, Section F, Section G, Section H and Section I, this Article shall become inoperative and of no effect on the later of (i) the Operative Date and (ii) the date upon which no officer or director of the Corporation is also an officer or director of EMC. Neither the alteration, amendment, termination or repeal of this Article nor the adoption of any provision inconsistent with this Article shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article would accrue or arise, prior to such alteration, amendment, termination, repeal or adoption. Following the later of (i) the Operative Date and (ii) the date upon which no officer or director of the Corporation is also an officer or director of EMC, any contract, agreement, arrangement or transaction involving a corporate opportunity not approved or allocated as provided in this Article shall not by reason thereof result in any breach of any fiduciary duty or duty of loyalty or failure to act in good faith or in the best interests of the Corporation or derivation of any improper personal economic gain, but shall be governed by the other provisions of this Certificate of Incorporation, the Bylaws, the DGCL and other applicable law.

I. Notwithstanding any other provision of this Certificate of Incorporation, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon shall be required to amend, alter, change or repeal, or to adopt any provision as part of this Certificate of Incorporation inconsistent with the purpose and intent of this Article V.

ARTICLE VI

CONSENT OF HOLDERS OF CLASS B COMMON STOCK

A. In addition to any other vote required by law or by this Certificate of Incorporation, prior to the Operative Date, the prior affirmative vote of the holders of a majority of the outstanding shares of the Class B Common Stock, voting separately as a class, shall be required to authorize the Corporation to (and (in the case of clauses (iii) through (v) below) authorize or permit any Subsidiary (as defined in Article XI) to):

(i) adopt or implement any stockholder rights plan or similar takeover defense measure;

(ii) consolidate or merge with or into any Person;

(iii) permit any Subsidiary to consolidate or merge with or into any Person (other than (a) a consolidation or merger of a Wholly-Owned Subsidiary with or into the Corporation or with or into another Wholly-Owned Subsidiary or (b) in connection with a Permitted Acquisition);

(iv) directly or indirectly acquire Stock, Stock Equivalents or assets (including, without limitation, any business or operating unit) of any Person (other than the Corporation or its Subsidiaries), in each case in a single transaction or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by the Corporation or any of its Subsidiaries and Indebtedness of any entity so acquired) paid or delivered by the Corporation and its Subsidiaries in excess of $100,000,000; provided, however, this clause (iv) of this Section A shall not require the vote of the holders of Class B Common Stock in connection with acquisitions of securities pursuant to portfolio investment decisions in the ordinary course of business or transactions to which the Corporation and one or more Wholly-Owned Subsidiaries are the only parties;

(v) issue any Stock or any Stock Equivalents, except (a) the issuance of shares of Stock of a Wholly-Owned Subsidiary of the Corporation to the Corporation or another Wholly-Owned Subsidiary of the Corporation, (b) pursuant to the Initial Public Offering, or (c) the issuance of shares of Class A Common Stock or options or other rights to purchase Class A Common Stock pursuant to employee benefit plans or dividend reinvestment plans approved by the Board of Directors (provided, however, that notwithstanding the provision of this clause (c), the prior affirmative vote of the holders of a majority of the outstanding shares of the Class B Common Stock, voting separately as a class, shall be required to authorize the Corporation to finally determine the aggregate size of its annual equity grants);

(vi) dissolve, liquidate or wind up the Corporation;

(vii) declare dividends on any class or series of the capital stock of the Corporation;

(viii) enter into any arrangement or agreement with any Person which the Board of Directors determines to be on terms exclusionary to EMC or that are exclusive to such Person, where such Person is offering or proposes to offer products or services that are substantially equivalent to products and services offered by EMC; and

(ix) alter, amend, terminate or repeal, or adopt any provision inconsistent with, in each case whether directly or indirectly, or by merger, consolidation or otherwise, Articles V or VI or Sections A, C through G or J of Article VII of the Amended and Restated Certificate of Incorporation or Sections 2.2, 2.8(D), 2.11, 3.2(A), 3.2(C), 3.9 or 3.11 of the Amended and Restated Bylaws of VMware.

B. For purposes of this Article VI and Article VII:

(i) “Indebtedness” means, with respect to any Person, any liability of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments and shall also include (a) any liability of such Person under any agreement related to the fixing of interest rates on any Indebtedness and (b) any capitalized lease obligations of such Person (if and to the extent the same would appear on a balance sheet of such Person prepared in accordance with United States generally accepted accounting principles).

(ii) “Initial Public Offering” means an initial public offering of Class A Common Stock as contemplated by a Registration Statement on Form S-1 filed with the U.S. Securities and Exchange Commission.

(iii) “Permitted Acquisition” means any acquisition by the Corporation or any of its Subsidiaries of Stock, Stock Equivalents or assets of any Person not requiring the prior affirmative vote of the holders of the Class B Common Stock pursuant to clause (iv) of Section A of this Article VI.

(iv) “Stock” means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or business trust, whether voting or non-voting;

(v) “Stock Equivalents” means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable, and all voting debt; and

(vi) “Wholly-Owned Subsidiary” means each Subsidiary in which the Corporation owns (directly or indirectly) all of the outstanding voting Stock, voting power, partnership interests or similar ownership interests, except for director’s qualifying shares in nominal amount.

C. The Corporation shall not undertake any action or conduct that would have the effect of indirectly engaging the Corporation in activities that the provisions of this Article would otherwise prohibit.

D. Any Person purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article.

E. Neither the alteration, amendment or repeal of this Article VI nor the adoption of any provision inconsistent with this Article VI shall eliminate or reduce the effect of this Article VI in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article VI, would accrue or arise, prior to such alteration, amendment, repeal or adoption.

F. Notwithstanding any other provision of this Certificate of Incorporation, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon shall be required to amend, alter, change or repeal this Article VI, including the amendment, alteration, change or repeal of any of the defined terms used in this Article VI and defined elsewhere in this Certificate of Incorporation, or to adopt any provision as part of this Certificate of Incorporation inconsistent with the purpose and intent of this Article VI.

ARTICLE VII

BOARD OF DIRECTORS

A. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors. The Board of Directors shall consist of no less than six directors. Subject to the limitation in the preceding sentence, the number of directors shall be determined from time to time solely by resolution adopted by affirmative vote of a majority of the entire Board of Directors which the Corporation would have if there were no vacancies at the time such resolution is adopted (the " Entire Board of Directors ").

B. Elections of the members of the Board of Directors shall be held annually at the annual meeting of stockholders and each member of the Board of Directors shall hold office until such director's successor is elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. Elections of the members of the Board need not be by written ballot unless the Bylaws shall so provide.

C. The holders of Class B Common Stock, voting separately as a class, shall be entitled to elect a number of members of the Board of Directors equal to the minimum whole number of directors that would constitute at least eighty percent (80%) of the total number of directors constituting the Entire Board of Directors. Subject to any rights of any series of Preferred Stock to elect directors as provided for or fixed pursuant to the provisions of Article IV hereof, the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, shall be entitled to elect the remaining number of directors, which shall be in no event less than one director. Notwithstanding the provisions of Section C(iii)(b) of

Article IV hereof, each holder of Class A Common Stock and each holder of Class B Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in such holder's name on the books of the Corporation in any election of Group II Members (as defined below) to the Board of Directors in which such holders are entitled to vote. In the event that the rights of any series of Preferred Stock to elect directors would preclude the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, from electing at least one director, the Board of Directors shall increase the number of directors prior to the issuance of such Preferred Stock to the extent necessary to allow such holders to elect at least one director in accordance with the provisions of this Article VII.

D. The Board of Directors shall be divided into two groups, designated Group I and Group II. Any director elected by the holders of Class B Common Stock voting separately as a class shall be a Group I member (a " Group I Member "), and the remaining directors shall be Group II members (each a " Group II Member "), provided that, prior to consummation of the Initial Public Offering, the Board of Directors shall, by affirmative vote of a majority of the Entire Board of Directors, have the right to designate which of its directors are deemed to be Group I Members and which of its directors are deemed to be Group II Members, such that the Group I Members constitute at least eighty percent (80%) of the Entire Board of Directors.

E. The directors, other than those who may be elected by the holders of any series of Preferred Stock, shall be further divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the Entire Board of Directors and one-third of the respective Group I Members and Group II Members. No director shall be a member of more than one class of directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the Entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2008 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2009 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2010 Annual Meeting. At each succeeding Annual Meeting of Stockholders beginning in 2008, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors and the respective number of Group I Members and Group II Members in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. If an additional director could be added to more than one class, such director shall be added to the class with the shortest remaining term.

F. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by the affirmative vote of a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the Board of Directors then in

office, even if less than a quorum, or by a sole remaining director; provided , however , that, until EMC ceases to be the beneficial owner of shares of Common Stock representing at least a majority of the votes entitled to be cast by the holders of the Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, if such vacancy was caused by an action of the stockholders, such vacancy shall be filled pursuant to the procedures set forth in Section C of this Article VII; provided , further , that, notwithstanding any of the foregoing, if the appointment of any person to a vacancy on the Board of Directors would cause the number of Group I Members to be less than eighty percent (80%) of the total number of directors constituting the Entire Board of Directors, then the vacancy shall be found to be with respect to a Group I Member and shall be filled by the Group I Members then in office by affirmative vote of a majority of the Group I Members then in office and the director filling such vacancy shall be deemed to be a Group I Member. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

G. Any Group I Member may be removed from office at any time, with or without cause, by the affirmative vote of holders of at least eighty percent (80%) of the shares of Class B Common Stock, voting separately as a class. Any Group II Member may be removed from office at any time, with or without cause, by the affirmative vote of holders of at least a majority of the votes entitled to be cast to elect any such director.

H. Advance notice of stockholder nominations for the election of directors and stockholder proposals for business to be conducted at any meeting of stockholders shall be given in the manner provided in the Bylaws.

I. The books and records of the Corporation may be kept (subject to any mandatory requirement of law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or by the Bylaws.

J. Notwithstanding any other provision of this Certificate of Incorporation, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon shall be required to amend, alter, change or repeal, or to adopt any provision as part of this Certificate of Incorporation inconsistent with the purpose and intent of this Article VII.

ARTICLE VIII

STOCKHOLDER ACTION

A. Any action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted; provided, however, that except as otherwise provided by a Certificate of Designations, from and after the date that EMC ceases to be the beneficial owner of shares representing at least a majority of votes entitled to be cast by the holders of the Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting.

B. Except as otherwise required by law or provided by a Certificate of Designations, special meetings of stockholders of the Corporation may be called only by (1) the Chairman of the Board of Directors, (2) the Board of Directors or the Secretary of the Corporation pursuant to a resolution adopted by a majority of directors then in office or (3) EMC, so long as EMC is the beneficial owner of at least a majority of votes entitled to be cast by the holders of the Class A Common Stock and the holders of Class B Common Stock, voting together as a single class. No business other than that stated in the notice of a special meeting of stockholders shall be transacted at such special meeting.

ARTICLE IX

AMENDMENT OF BYLAWS AND CERTIFICATE OF INCORPORATION

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized and empowered to adopt, amend and repeal the Bylaws at any regular or special meeting of the Board of Directors or by written consent, subject to the power of the stockholders of the Corporation to adopt, amend or repeal any Bylaws. The stockholders shall have the power to make, amend or repeal the Bylaws, provided, however, that from and after the date that EMC ceases to be the beneficial owner of shares representing at least a majority of the votes entitled to be cast by the holders of the Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, Section 2.8, Section 3.2 and Section 3.11 of the Bylaws shall not be amended, altered or repealed, other than by the affirmative vote of eighty percent (80%) of the votes entitled to be cast thereon. Notwithstanding any other provision of this Certificate of Incorporation or the Bylaws (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, this Certificate of

Incorporation or the Bylaws), the affirmative vote of the holders of at least eighty percent (80%) of the votes entitled to be cast thereon shall be required to adopt, amend, alter or repeal any provision part of Article V, Article VI, Article VII, this Article IX and Article X of this Certificate of Incorporation in a manner inconsistent with the purpose and intent of such Articles.

ARTICLE X

LIMITATIONS ON LIABILITY AND INDEMNIFICATION

A. A director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

B. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation, or has or had agreed to become a director of the Corporation, or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including attorneys' fees and expenses, judgments, fines, amounts to be paid in settlement and excise payments or penalties arising under the Employee Retirement Income Security Act of 1974 ("ERISA")) reasonably incurred by such Covered Person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the preceding sentence, except as otherwise provided in this Article X, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors. The Corporation may, by the action of the Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

C. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees and expenses) incurred by a Covered Person in

defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article X or otherwise. The rights contained in this Section C shall inure to the benefit of a Covered Person's heirs, executors and administrators.

D. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article X is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

E. The rights conferred on any Covered Person by this Article X shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, the Bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

F. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such Person against such expense, liability or loss under the DGCL.

G. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person is entitled to collect and is collectible as indemnification or advancement of expenses from such other corporation, limited liability company, partnership, joint venture, trust, enterprise or non-profit enterprise.

H. Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

I. This Article X shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons, to a greater extent or in an manner otherwise different than provided for in this Article X when and as authorized by appropriate corporate action.

J. If this Article X or any portion hereof will be invalidated on any ground by any court of competent jurisdiction, then the Corporation will nevertheless indemnify each Covered Person entitled to indemnification under Section B of this Article X as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such Covered Person and for which indemnification is available to such Covered Person pursuant to this Article X to the fullest extent permitted by any applicable portion of this Article X that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE XI

CERTAIN DEFINITIONS

For purposes of this Certificate of Incorporation:

A. "beneficial owner" and "beneficial ownership" have the meaning scribed to such terms in Rule 13d-3 under the Securities Act of 1933, as amended, but shall not include shares of Common Stock beneficially owned by EMC but not for its own account, including (in such exclusion) beneficial ownership which arises by virtue of some entity that is an affiliate of EMC being a sponsor or advisor of a mutual or similar fund that beneficially owns shares of Common Stock.

B. "Distribution" means a distribution by EMC of Common Stock (and Preferred Stock, if any) of the Corporation or common stock (and preferred stock, if any) of a Person that is a successor to the Corporation to holders of common stock of EMC intended to qualify as a tax-free distribution under Section 355 of the Internal Revenue Code of 1986, as amended, or any successor thereto.

C. "EMC" means EMC Corporation, a Massachusetts corporation, all successors to EMC Corporation by way of merger, consolidation or sale of substantially all of its assets, and all corporations, limited liability companies, joint ventures, partnerships, trusts, associations or other entities in which EMC Corporation: (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (a) the total combined voting power of all classes of voting securities of such entity, (b) the total combined equity interests, or (c) the capital or profits interest, in the case of a partnership; or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body, but shall not include the Corporation or any Subsidiary of the Corporation (any such successor in interest, corporation, limited liability company, joint venture, partnership, trust, association or other entity referred to in this definition shall be deemed to be an "EMC Company").

D. “Operative Date” means the first date on which EMC ceases to beneficially own twenty percent (20%) or more of the aggregate number of shares of the then outstanding Common Stock.

E. “Person” means any individual, partnership, joint venture, limited liability company, firm, corporation, trust or other entity, including governmental authorities.

F. “Subsidiary” means, with respect to the Corporation, any corporation, limited liability company, joint venture, partnership, trust, association or other entity in which the Corporation: (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (a) the total combined voting power of all classes of voting securities of such entity, (b) the total combined equity interests, or (c) the capital or profits interest, in the case of a partnership; or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

ARTICLE XII

AMENDMENTS TO CERTIFICATE OF INCORPORATION

Except as otherwise provided in this Certificate of Incorporation, the Corporation reserves the right to amend and repeal any provisions contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware, and all rights of stockholders shall be subject to this reservation.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has executed this Amended and Restated Certificate of Incorporation on this 3rd day of July, 2007.

By: /s/ Paul T. Dacier
Name: Paul T. Dacier
Title: Secretary

EXHIBIT 3.2

AMENDED AND RESTATED

BYLAWS

OF

VMWARE, INC.

Incorporated under the Laws of the State of Delaware

ARTICLE I

OFFICES AND RECORDS

Section 1.1 Offices . The Corporation may have such offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

Section 1.2 Books and Records . The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

Section 2.1 Annual Meeting . The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

Section 2.2 Special Meeting . Except as otherwise required by law or provided by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock and the Certificate of Designations filed by the Corporation with respect thereto (collectively, a "Certificate of Designations"), and except as set forth in the Corporation's Certificate of Incorporation, as amended or restated (the "Certificate of Incorporation"), special meetings of stockholders of the Corporation may be called only by (1) the Chairman of the Board of Directors, (2) the Board of Directors or the Secretary of the Corporation pursuant to a resolution adopted by a majority of directors then in office or (3) EMC, so long as EMC is the beneficial owner of at least a majority of votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class. For purposes of these Bylaws, "EMC" means EMC Corporation, a Massachusetts corporation, all successors to EMC Corporation by way of merger, consolidation or sale of substantially all of its assets, and all corporations, limited liability companies, joint ventures, partnerships, trusts, associations or other entities in which EMC Corporation: (x) beneficially

owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profits interest, in the case of a partnership; or (y) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body, but shall not include the Corporation or any Subsidiary of the Corporation.

Section 2.3 Place of Meeting . The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders called by the Board of Directors or the Chairman of the Board. If no designation is so made, the place of meeting shall be the principal executive office of the Corporation.

Section 2.4 Notice of Meeting . Written or printed notice, stating the place, if any, date and time of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail or by other lawful means, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his or her address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Except as otherwise permitted by Section 2.8, only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 6.6 of these Bylaws. Any previously scheduled meeting of the stockholders may be postponed, and, unless the Certificate of Incorporation otherwise provides, any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Section 2.5 Quorum and Adjournment . Except as otherwise provided by law or by the Certificate of Incorporation, the holders of shares of then-outstanding capital stock of the Corporation representing a majority of the then-outstanding shares entitled to vote generally at a meeting of stockholders, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a separate class or series, the holders of a majority of the then-outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. Attendance of a person at a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such person for the purposes of determining whether a quorum exists. The chairman of the meeting or the holders of shares representing a majority of the votes entitled to be cast by stockholders so present may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law; provided , however , that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice

of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given in conformity herewith. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.6 Conduct of Business . The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time for the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 2.7 Proxies . At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his or her duly authorized attorney-in-fact. Such proxy must be filed with the Secretary or his or her representative at or before the time of the meeting at which such proxy will be voted. No proxy shall be valid after eleven (11) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.

Section 2.8 Notice of Stockholder Business and Nominations .

(A) Annual Meetings of Stockholders .

(1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in paragraph (A)(2) of this Section 2.8.

(2) For nominations of persons for election to the Board of Directors or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 2.8, the stockholder must give timely notice thereof in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the preceding year's annual meeting (provided that, with respect to the annual meeting to be held in 2008, the anniversary date shall be deemed to be May 1, 2008); provided , however , that in the event that the date of any annual meeting is more than thirty (30) days before

or more than thirty (30) days after such anniversary date, notice by the stockholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (a) the 90th day prior to such annual meeting and (b) the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. Except as provided in Section 2.5 of these Bylaws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such nominated person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected; (y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and if such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and by any such beneficial owner, (iii) a representation that such stockholder is a holder of record of the capital stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination or business, and (iv) a representation whether such stockholder or such beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee or approve or adopt the business proposal, or otherwise to solicit proxies from stockholders in support of such nomination or proposal. For purposes of these Bylaws, the term "beneficial owner" and "beneficial ownership" shall have the meaning ascribed to such terms in Rule 13d-3 under the Exchange Act, and shall be determined in accordance with such rule.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.8 to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting of stockholders is increased and there is no public announcement by the Corporation naming all of the Corporation's nominees for director or specifying the size of the increased Board of Directors at least 120 days prior to the first

anniversary of the preceding year's annual meeting, a stockholder's notice pursuant to this Section 2.8 shall also be considered timely, but only with respect to nominees for any new seats on the Board of Directors created by such increase, if it is delivered to the Secretary at the principal executive office of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders . No business other than that stated in the Corporation's notice of a special meeting of stockholders shall be transacted at such special meeting. If the business stated in the Corporation's notice of a special meeting of stockholders includes electing one or more directors to the Board of Directors, nominations of persons for election to the Board of Directors at such special meeting may be made (1) by or at the direction of the Board of Directors or (2) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote in the election of directors at the meeting and who gives timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of (a) the 90th day prior to such special meeting and (b) the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and such nominated person's written consent to serve as a director if elected; and (y) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of then-outstanding capital stock of the Corporation that are owned beneficially and of record by such stockholder and by any such beneficial owner. Except as provided in Section 2.5 of these Bylaws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(C) General .

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.8 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.8. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.8 and, if any proposed nomination or business was not made or proposed in compliance with this Section 2.8, to declare that such non-compliant proposal or nomination be disregarded.

(2) For purposes of this Section 2.8, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.8, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the nomination of persons for election to the Board of Directors or the proposal of business to be considered by the stockholders at a meeting of stockholders. Nothing in this Section 2.8 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

(D) EMC . Notwithstanding anything to the contrary contained in these Bylaws, until such time as EMC ceases to be the beneficial owner of shares representing at least a majority of the votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, EMC shall be entitled to nominate persons for election to the Board of Directors and propose business to be considered by the stockholders at any meeting of stockholders without compliance with the notice requirements and procedures of this Section 2.8.

Section 2.9 Required Vote . Except as otherwise provided by law, the Certificate of Incorporation, any Certificate of Designations or these Bylaws, when a quorum is present, the affirmative vote of the holders of shares representing at least a majority of votes actually present in person or represented by proxy at the meeting and entitled to vote on a matter shall be the act of the stockholders. No stockholder shall be entitled to exercise any right of cumulative voting. Every reference in these Bylaws to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of then-outstanding capital stock of the corporation (or any one or more classes or series of such stock) shall refer to such majority or other proportion of the votes to which such shares of capital stock entitle their holders to cast as provided in the Certificate of Incorporation or any Certificate of Designations.

Section 2.10 Inspectors of Elections; Opening and Closing the Polls . The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 2.11 Stockholder Action by Written Consent . Any action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted; provided , however , that, and except as otherwise provided by a Certificate of Designations, from and after the date that EMC ceases to be the beneficial owner of shares representing at least a majority of votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting. All written consents authorized by this Section 2.11 shall be delivered to the Corporation by delivery to its registered office, its principal place of business or the Secretary. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided in this Section 2.11. In the event that the action that is consented to is such as would have required the filing of a certificate under the General Corporation Law of the State of Delaware that such action had been voted on by stockholders or by members at a meeting thereof, the certificate filed shall state, in lieu of any statement concerning any vote of stockholders or members, that written consent has been given in accordance with the General Corporation Law of the State of Delaware.

Section 2.12 Stock List . A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law. The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. So long as EMC is the beneficial owner of shares representing at least a majority of votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, upon the request of EMC, the stock list shall be provided to EMC promptly.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 General Powers . The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities expressly conferred upon the Board of Directors by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these Bylaws required to be exercised or done by the stockholders.

Section 3.2 Number, Tenure, Qualifications and Election of Directors .

(A) The Board of Directors shall consist of not less than six nor more than twelve members. Subject to the limitations of the foregoing sentence and the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed, and may be increased or decreased from time to time, exclusively by a resolution adopted by an affirmative vote of a majority of the entire Board of Directors which the Corporation would have if there were no vacancies at the time such resolution is adopted (the "Entire Board of Directors").

(B) Each director shall be elected at the annual meeting of stockholders in the manner set forth in the Certificate of Incorporation by the vote of the majority of the votes cast with respect to such director at any meeting for the election of such director at which a quorum is present, provided that, except as otherwise provided by the Certificate of Incorporation, if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section 3.2, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. If a director is not elected, the director shall offer to tender his or her resignation to the Board of Directors. The Corporate Governance and Nominating Committee will make a recommendation to the Board of Directors to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director who has so tendered his or her resignation will not participate in the Board of Directors' decision.

(C) The Board of Directors shall be divided into two groups, designated Group I and Group II. Except as otherwise provided by the Certificate of Incorporation, any director elected by the holders of Class B Common Stock voting separately as a class shall be a Group I member (a "Group I Member"), and the remaining directors shall be Group II members (each a "Group II Member"). The directors, other than those who may be

elected by holders of Preferred Stock, shall be further divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the Entire Board of Directors and one-third of the respective Group I Members and Group II Members. No director shall be a member of more than one class of directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the Entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2008 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2009 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2010 Annual Meeting or, in each case, upon such director's earlier death, resignation or removal. At each succeeding Annual Meeting of Stockholders beginning in 2008, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors and the respective number of Group I Members and Group II Members in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. If an additional director could be added to more than one class, such director shall be added to the class with the shortest remaining term.

Section 3.3 Regular Meetings . Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 3.4 Special Meetings . Special meetings of the Board of Directors shall be called by the Chairman of the Board, the Chief Executive Officer, a majority of directors then in office or, until EMC ceases to be the beneficial owner of shares representing at least a majority of the votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, EMC. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

Section 3.5 Notice . Notice of any special meeting of directors shall be given to each director at his or her business or residence (as he or she may specify) in writing by hand delivery, first-class mail, overnight mail or courier service, confirmed facsimile transmission or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If given by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If given by telephone, hand delivery or confirmed facsimile transmission or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twenty-four (24) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.6 of these Bylaws.

Section 3.6 Action by Consent of Board of Directors . Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.7 Conference Telephone Meetings . Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors, or such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and communicate with each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 3.8 Quorum; Voting . Subject to Section 3.9, at all meetings of the Board of Directors, the presence of a majority of the directors then in office shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, the directors present thereat may adjourn the meeting from time to time without further notice. Attendance of a director at a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such director for the purposes of determining whether a quorum exists. Except as otherwise provided by the Certificate of Incorporation, the act of a majority of directors present at a meeting at which there is a quorum shall be the act of the Board of Directors.

Section 3.9 Vacancies . Except as otherwise provided by the Certificate of Incorporation or a Certificate of Designations, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by the affirmative vote of a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 3.10 Committees of the Board of Directors . The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate

member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present.

No committee shall have the power or authority in reference to any of the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by General Corporation Law of the State of Delaware to be submitted to stockholders for approval or (b) altering, amending or repealing any Bylaw, or adopting any new Bylaw.

Section 3.11 Removal . Any Group I Member may be removed from office at any time, with or without cause, by the affirmative vote of holders of at least eighty percent (80%) of the shares of Class B Common Stock, voting separately as a class. Any Group II Member may be removed from office at any time, with or without cause, by the affirmative vote of holders of at least a majority of the votes entitled to be cast to elect any such director.

Section 3.12 Records . The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors, and of any committee thereof, and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

Section 3.13 Compensation . The Board of Directors shall have authority to determine from time to time the amount of compensation, if any, that shall be paid to its members for their services as directors and as members of standing or special committees of the Board of Directors. The Board of Directors shall also have power, in its discretion, to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

OFFICERS

Section 4.1 Elected Officers . The elected officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers (including, without limitation, a Chief Financial Officer and one or more Vice Presidents) as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. Subject to the requirements of the Certificate of Incorporation, the Board of Directors, or any committee thereof, may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board of Directors, or such committee, or by the Chairman of the Board or Chief Executive Officer, as the case may be.

Section 4.2 Election and Term of Office . Subject to the requirements of the Certificate of Incorporation, the elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after the annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign, but, subject to the requirements of the Certificate of Incorporation, any officer may be removed pursuant to the provisions set forth in Section 4.10.

Section 4.3 Chairman of the Board . The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and duties as may from time to time be prescribed by the Board of Directors, upon written directions given to him pursuant to resolutions duly adopted by the Board of Directors.

Section 4.4 Chief Executive Officer . The Chief Executive Officer, subject to the control of the Board of Directors, shall act in a general executive capacity and shall control the business and affairs of the Corporation. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. He or she may also preside at any such meeting attended by the Chairman of the Board if he or she is so designated by the Chairman. Subject to the requirements of the Certificate of Incorporation, the Chief Executive Officer shall have the power to appoint and remove subordinate officers, agents and employees, except those elected by the Board of Directors. The Chief Executive Officer shall keep the Board of Directors fully informed and shall consult with them concerning the business of the Corporation.

Section 4.5 President . The President shall have such duties as may be determined from time to time by resolution of the Board of Directors not inconsistent with these Bylaws and, in the absence or incapacity of the Chief Executive Officer, shall also perform the duties of that office. In general the President shall perform all other duties normally incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 4.6 Vice-Presidents . Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board of Directors.

Section 4.7 Chief Financial Officer . The Chief Financial Officer, if any, shall act in an executive financial capacity. He or she shall assist the Chairman of the Board and the Chief Executive Officer in the general supervision of the Corporation's financial policies and affairs.

Section 4.8 Treasurer . The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board of Directors. He or she shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

Section 4.9 Secretary . The Secretary shall keep, or cause to be kept, in one or more books provided for that purpose, the minutes of all meetings of the Board of Directors, the committees of the Board of Directors and the stockholders; he or she shall see that all notices are duly given in accordance with the provisions of the Certificate of Incorporation, these Bylaws and as required by law; he or she shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he or she shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he or she shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

Section 4.10 Removal . Except as otherwise provided by the Certificate of Incorporation, any officer elected, or agent appointed, by the Board of Directors may be removed by the affirmative vote of a majority of directors then in office whenever, in their judgment, the best interests of the Corporation would be served thereby. Any officer or agent appointed by the Chairman of the Board or the Chief Executive Officer may be removed by him or her whenever, in his or her judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his or her successor or his or her death, resignation or removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 4.11 Vacancies . Except as otherwise provided by the Certificate of Incorporation, any newly created elected office and any vacancy in any elected office because of death, resignation or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors. Any vacancy in an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

ARTICLE V

STOCK

Section 5.1 Stock Certificates and Transfers; Direct Registration .

(A) The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe. Subject to the satisfaction of any additional requirements specified in the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation by the holder thereof in person or by his or her attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

(B) Notwithstanding any other provision in these Bylaws, the Board of Directors may resolve to adopt a system of issuance, recordation and transfer of its shares by electronic or other means not involving any issuance of certificates (a “Direct Registration System”), including provisions for notice to purchasers in substitution for any required statements on certificates, and as may be required by applicable corporate securities laws or stock exchange listing rules. Any Direct Registration System so adopted shall not become effective as to issued and outstanding certificated securities until the certificates therefor have been surrendered to the Corporation.

Section 5.2 Record Date . In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the

Board of Directors and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as described above; provided , however , that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 5.3 Lost, Stolen or Destroyed Certificates . No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors, or any financial officer of the Corporation, may in its, or his or her, discretion require.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 Fiscal Year . The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 6.2 Dividends . The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

Section 6.3 Seal . The corporate seal shall have inscribed thereon the words “Corporate Seal,” the year of incorporation and around the margin thereof the words “VMware, Inc.”

Section 6.4 Facsimile Signatures . In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or any committee thereof.

Section 6.5 Reliance upon Books, Reports and Records . The Board of Directors, each committee thereof, each member of the Board of Directors and such committees and each officer of the Corporation shall, in the performance of its, his or her duties, be fully

protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or documents presented to it or them by any of the Corporation's officers or employees, by any committee of the Board of Directors or by any other person as to matters that the Board, such committee, such member or such officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 6.6 Waiver of Notice . Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 6.7 Audits . The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, or a committee thereof, and it shall be the duty of the Board of Directors, or such committee, to cause such audit to be done annually.

Section 6.8 Resignations . Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective, other than as required by Section 3.2.

Section 6.9 Indemnification and Insurance .

(A) A director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

(B) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal

representative, is or was a director or officer of the Corporation, or has or had agreed to become a director of the Corporation, or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including attorneys' fees and expenses, judgments, fines, amounts to be paid in settlement and excise payments or penalties arising under the Employee Retirement Income Security Act of 1974 ("ERISA")) reasonably incurred by such Covered Person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the preceding sentence, except as otherwise provided in this Section 6.9, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors. The Corporation may, by the action of the Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(C) The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees and expenses) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Section 6.9 or otherwise. The rights contained in this clause (C) shall inure to the benefit of a Covered Person's heirs, executors and administrators.

(D) If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Section 6.9 is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(E) The rights conferred on any Covered Person by this Section 6.9 shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of these Bylaws or the Certificate of Incorporation of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

(F) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such individual or entity against such expense, liability or loss under the General Corporation Law of the State of Delaware.

(G) The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person is entitled to collect and is collectible as indemnification or advancement of expenses from such other corporation, limited liability company, partnership, joint venture, trust, enterprise or non-profit enterprise.

(H) Any repeal or modification of the foregoing provisions of this Section 6.9 shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

(I) This Section 6.9 shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons, to a greater extent or in an manner otherwise different than provided for in this Section 6.9 when and as authorized by appropriate corporate action.

(J) If this Section 6.9 or any portion hereof will be invalidated on any ground by any court of competent jurisdiction, then the Corporation will nevertheless indemnify each Covered Person entitled to indemnification under clause (B) of this Section 6.9 as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such Covered Person and for which indemnification is available to such Covered Person pursuant to this Section 6.9 to the fullest extent permitted by any applicable portion of this Section 6.9 that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

CONTRACTS, PROXIES, ETC.

Section 7.1 Contracts . Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time specify. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such person of responsibility with respect to the exercise of such delegated power.

Section 7.2 Proxies . Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes that the Corporation may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

Section 8.1 Amendments . These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors or of the stockholders, provided that notice of the proposed change was given in the notice of the meeting; provided , however , that, in the case of amendments by the Board of Directors, notwithstanding any other provisions of these Bylaws or any provision of law that might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the members of the Board of Directors shall be required to alter, amend or repeal any provision of the Bylaws, or to adopt any new Bylaw. Notwithstanding any other provision of these Bylaws or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of the holders of shares representing a majority of the votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal any provision of the Bylaws, or to adopt any new Bylaw; provided , however , that, from and after the date that EMC ceases to be the beneficial owner of shares representing at least a majority of votes entitled to be cast by the holders of Class A Common Stock and the holders of Class B Common Stock, voting together as a single class, the affirmative vote of the holders of shares representing at least 80% of votes entitled to be cast thereon, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any Bylaw inconsistent with, the following provisions of these Bylaws: Sections 2.1, 2.2, 2.4, 2.5, 2.6, 2.8, 2.9 and 2.11 of ARTICLE II; Sections 3.1, 3.2, 3.9 and 3.11 of ARTICLE III; Section 6.9 of ARTICLE VI; and this Section 8.1 of ARTICLE VIII, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other Bylaw).

EXHIBIT 10.1

FORM OF

MASTER TRANSACTION AGREEMENT

between

EMC CORPORATION

and

VMWARE, INC.

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MASTER TRANSACTION AGREEMENT

This Master Transaction Agreement is dated as of the [___] day of [___], 2007, between EMC Corporation, a Massachusetts corporation ("EMC"), and VMware, Inc., a Delaware corporation ("VMware," with each of EMC and VMware a "Party," and together, the "Parties"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in ARTICLE VIII hereof.

RECITALS

WHEREAS, EMC is the beneficial owner of all the issued and outstanding common stock of VMware;

WHEREAS, EMC, through VMware, is engaged in the business of virtual infrastructure technology, as more completely described in a Registration Statement on Form S-1 (File No. 333-142368) filed with the Securities and Exchange Commission ("Commission") under the Securities Act (the "IPO Registration Statement");

WHEREAS, EMC and VMware currently contemplate that VMware will make an initial public offering ("IPO") pursuant to the IPO Registration Statement; and

WHEREAS, the Parties intend in this Agreement, including the Exhibits and Schedules hereto, to set forth the principal arrangements between EMC and VMware regarding the relationship of the Parties from and after the filing of the IPO Registration Statement and the consummation of the IPO.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, EMC and VMware mutually covenant and agree as follows:

ARTICLE I
DOCUMENTS AND ITEMS TO BE DELIVERED ON THE IPO DATE

Section 1.1 Documents to be delivered by EMC . On or prior to the closing of the IPO (the "IPO Date"), EMC will deliver, or will cause its appropriate Subsidiaries to deliver, to VMware all of the following items and agreements:

(a) A duly executed Tax Sharing Agreement substantially in the form attached to the IPO Registration Statement as Exhibit 10.3 (the "Tax Sharing Agreement");

(b) A duly executed Administrative Services Agreement, substantially in the form attached to the IPO Registration Statement as Exhibit 10.2 (the "Administrative Services Agreement");

(c) A duly executed Intellectual Property Agreement, substantially in the form attached to the IPO Registration Statement as Exhibit 10.4 (the "Intellectual Property Agreement");

(d) A duly executed Real Estate Agreement, substantially in the form attached to the IPO Registration Statement as Exhibit 10.6 (the "Real Estate Agreement");

(e) A duly executed Employee Benefits Agreement, substantially in the form attached to the IPO Registration Statement as Exhibit 10.5 (the "Employee Benefits Agreement");

(f) A duly executed Insurance Matters Agreement, substantially in the form attached to the IPO Registration Statement as Exhibit 10.11 (the "Insurance Matters Agreement"); and

(g) Such other agreements, documents or instruments as the Parties may agree are necessary or desirable in order to achieve the purposes hereof.

Section 1.2 Documents to be delivered by VMware . On or prior to the IPO Date, VMware will deliver, or will cause its appropriate Subsidiaries to deliver, to EMC all of the following items and agreements:

(a) In each case where VMware is a party to any agreement or instrument referred to in Section 1.1, a duly executed counterpart of such agreement or instrument; and

(b) Such other agreements, documents or instruments as the Parties may agree are necessary or desirable in order to achieve the purposes hereof.

ARTICLE II
THE IPO AND ACTIONS PENDING THE IPO; DISTRIBUTION

Section 2.1 Transactions prior to the IPO . Subject to the occurrence of the events described in this ARTICLE II, EMC and VMware intend to consummate the IPO and to take, or cause to be taken, the actions specified in this Section 2.1.

(a) Registration Statement . VMware has filed the IPO Registration Statement, and intends to file such amendments or supplements thereto as may be necessary in order to cause the same to become and remain effective as required by law or by the managing underwriters for the IPO (the "Underwriters"), including, without limitation, filing such amendments or supplements to the IPO Registration Statement as may be required by the underwriting agreement to be entered into among VMware and the Underwriters (the "Underwriting Agreement"), the Commission or federal, state or foreign securities laws. EMC and VMware also intend to cooperate in preparing, filing with the Commission and causing to become effective a registration statement registering the Class A common stock of VMware under the Securities and

Exchange Act of 1934, as amended (the "Exchange Act"), and any registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the IPO or the other transactions contemplated by this Agreement.

(b) Underwriting Agreement . VMware shall enter into the Underwriting Agreement, which shall in form and substance be satisfactory to EMC and VMware, as determined by the board of directors of each Party or its authorized designees, as appropriate, and VMware shall comply with its obligations thereunder.

(c) NYSE Listing . VMware shall prepare, file and use its reasonable best efforts to make effective, an application for listing of its Class A common stock issued in the IPO on the New York Stock Exchange ("NYSE"), subject to official notice of issuance.

Section 2.2 Cooperation . VMware shall consult with, and cooperate in all respects with, EMC in connection with the pricing and marketing, including any roadshow presentations, of the Class A common stock of VMware to be offered in the IPO and shall, at EMC's direction, promptly take any and all actions necessary or desirable to consummate the IPO as contemplated by the IPO Registration Statement and the Underwriting Agreement.

Section 2.3 Conditions precedent to Consummation of the IPO . The obligations of the Parties to consummate the IPO shall be conditioned on the satisfaction of the following conditions (collectively, the "IPO Conditions"):

(a) Registration Statement . The IPO Registration Statement shall have been declared effective by the Commission, and there shall be no stop-order in effect with respect thereto;

(b) Blue Sky . The actions and filings with regard to applicable securities and blue sky laws of any state (and any comparable laws under any foreign jurisdictions) shall have been taken and, where applicable, have become effective or been accepted;

(c) NYSE Listing . The Class A common stock of VMware to be issued in the IPO shall have been accepted for listing on the NYSE, subject only to official notice of issuance;

(d) Underwriting Agreement . VMware shall have entered into the Underwriting Agreement and all conditions to the obligations of VMware and the Underwriters shall have been satisfied or waived by the party that is entitled to the benefit thereof;

(e) Stock Ownership . EMC shall be satisfied, in its sole discretion, that it will own at least 80.1% of the combined voting power of the outstanding Class A common stock and Class B common stock, voting together as a single class, and that VMware will have no class of VMware Capital Stock other than the Common Stock outstanding, immediately following the IPO;

(f) No Legal Restraints . No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the IPO or any of the other transactions contemplated by this Agreement or any Inter-Company Agreement shall be in effect;

(g) Deliveries . Each Party shall have made the deliveries required pursuant to Section 1.1 and Section 1.2, respectively; and

(h) Other Actions . Such other actions as the Parties hereto may, based upon the advice of counsel, reasonably request to be taken prior to the IPO in order to assure the successful completion of the IPO, shall have been taken.

VMware shall use its reasonable best efforts to satisfy, or cause to be satisfied, the IPO Conditions, it being understood and acknowledged by the Parties that EMC shall have absolute discretion to proceed with or abandon the IPO.

Section 2.4 Distribution .

(a) Distribution Generally . At any time after the IPO Date, if EMC, in its sole and absolute discretion, advises VMware that EMC intends to pursue a Distribution, VMware agrees to take all action reasonably requested by EMC to facilitate the Distribution.

(b) EMC'S Sole Discretion . EMC shall, in its sole and absolute discretion, determine whether to proceed with all or part of a Distribution, the date of the consummation of the Distribution and all terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. In addition, EMC may at any time and from time to time until the completion of the Distribution, modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution. VMware shall cooperate with EMC in all respects to accomplish the Distribution and shall, at EMC's direction, promptly take any and all actions that EMC deems reasonably necessary or desirable to effect the Distribution. Without limiting the generality of the foregoing, VMware shall, at EMC's direction, cooperate with EMC, and execute and deliver, or use its reasonable best efforts to cause to have executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any domestic or foreign governmental or regulatory authority requested by EMC in order to consummate and make effective the Distribution. If, in connection with any Distribution, EMC makes a Request (as defined herein) for a Demand Registration (as defined herein), the terms and the conditions set forth in ARTICLE IV hereof shall govern.

ARTICLE III
COVENANTS AND OTHER MATTERS

Section 3.1 Other Agreements . EMC and VMware agree to execute or cause to be executed by the appropriate parties and deliver, as appropriate, such other agreements, instruments and other documents as may be necessary or desirable in order to effect the purposes of this Agreement and the Inter-Company Agreements.

Section 3.2 Further Instruments . At the request of VMware, EMC will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to VMware such instruments of transfer, conveyance, assignment, substitution and confirmation and take such action as VMware may reasonably deem necessary or desirable in order to transfer, convey and assign to VMware and confirm VMware's title to any assets, rights and other things of value used in the operation of the VMware Business on or prior to the IPO Date or to be transferred or licensed to VMware pursuant to this Agreement, the Inter-Company Agreements or any document referred to therein, to put VMware in actual possession and operating control thereof and to permit VMware to exercise all rights with respect thereto (including, without limitation, rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). Any such assets, rights or other things of value not reflected on the VMware Balance Sheet (other than all assets, rights and other things of value used in the operation of the VMware Business on or prior to the IPO Date that (i) were acquired after the date of the VMware Balance Sheet and that would be reflected in a VMware balance sheet as of the date of such acquisition, if such balance sheet was prepared using the same principles and accounting policies under which the VMware Balance Sheet was prepared and (ii) should have been reflected in the VMware Balance Sheet but are not reflected in the VMware Balance Sheet due to mistake or unintentional omission, which assets, rights and other things of value will be transferred, conveyed and assigned to VMware, at no charge to VMware, in accordance with the preceding sentence) shall only be transferred against payment by VMware to EMC or its applicable Subsidiary of an amount equal to the book value thereof; provided further , however , except as otherwise required by the Inter-Company Agreements, EMC shall not be under any obligation to transfer any assets, rights or other things of value used in the operation of the VMware Business and not on the VMware Balance Sheet that are also used in the operation of the EMC Business; and provided further , that the respective rights of the Parties with respect to any assets, rights or things of value that are addressed by the Inter-Company Agreements shall be as set forth in the Inter-Company Agreements. At the request of EMC and without further consideration, VMware will execute and deliver to EMC and its Subsidiaries all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as EMC may reasonably deem necessary or desirable in order to have VMware fully and unconditionally assume and discharge the VMware Liabilities. Nothing in this Section 3.2 shall be deemed a conveyance or transfer of intellectual property rights, and no license under any EMC patent or other intellectual property right is granted or conveyed hereby. Any agreements between the Parties with respect to intellectual property rights shall be governed exclusively by the Intellectual Property Agreement. Except as hereinabove provided,

neither EMC nor VMware shall be obligated, in connection with the foregoing, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, unless reimbursed by the other Party. Furthermore, each Party, at the request of the other Party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

Section 3.3 Agreement for Exchange of Information .

(a) Generally . Each of EMC and VMware agrees to provide, or cause to be provided, to the other, at any time, as soon as reasonably practicable after written request therefor, all reports and other Information regularly provided by one Party to the other prior to the IPO Date and any Information in the possession or under the control of such Party that the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, (iii) to comply with its obligations under this Agreement or any Inter-Company Agreement or (iv) during the period from the IPO Date until the Distribution Date (the "Pre-Distribution Period") and thereafter to the extent such Information and cooperation is necessary to comply with such reporting, filing and disclosure obligations, for the preparation of financial statements or completing an audit, and as reasonably necessary to conduct the ongoing businesses of EMC or VMware, as the case may be; provided , however , that in the event that any Party determines that any such provision of Information could be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. Each of EMC and VMware agree to make their respective personnel available to discuss the Information exchanged pursuant to this Section 3.3.

(b) Internal Accounting Controls; Financial Information . Except as otherwise provided in the Administrative Services Agreement, after the IPO Date, (i) each Party shall maintain in effect at its own cost and expense adequate systems and controls for its business to the extent necessary to enable the other Party to satisfy its reporting, tax return, accounting, audit and other obligations, and (ii) each Party shall provide, or cause to be provided, to the other Party and its Subsidiaries in such form as such requesting Party shall request, at no charge to the requesting Party, all financial and other data and information as the requesting Party determines necessary or advisable in order to prepare its financial statements and reports or filings with any Governmental Authority. After the expiration of EMC's obligations to provide internal auditing and related services pursuant to the Administrative Services Agreement, VMware shall be solely responsible for its obligations under this Section 3.3(b).

(c) Ownership of Information . Any Information owned by a Party that is provided to a requesting Party pursuant to this Section 3.3 shall be deemed to

remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

(d) Record Retention . To facilitate the possible exchange of Information pursuant to this Section 3.3 and other provisions of this Agreement after the Distribution Date, each Party agrees to use its reasonable best efforts until the Distribution Date to retain all Information in its respective possession or control substantially in accordance with its respective record retention policies and/or practices as in effect on the IPO Date, and for such longer period as may be required by any Governmental Authority, any litigation matter, any applicable law or any Inter-Company Agreement. However, except as set forth in the Tax Sharing Agreement, at any time after the Distribution Date, each Party may amend its respective record retention policies at such Party's discretion; provided , however , that if a Party desires to effect the amendment within three (3) years after the Distribution Date, the amending Party must give thirty (30) days prior written notice of such change in the policy to the other Party to this Agreement. No Party will destroy, or permit any of its Subsidiaries to destroy, any Information that exists on the IPO Date (other than Information that is permitted to be destroyed under the current respective record retention policies of each Party) and that falls under the categories listed in Section 3.3(a), without first notifying the other Party of the proposed destruction and giving the other Party the opportunity to take possession or make copies of such Information prior to such destruction.

(e) Limitation of Liability . Each Party will use its reasonable best efforts to ensure that Information provided to the other Party hereunder is accurate and complete; provided , however , no Party shall have any liability to any other Party in the event that any Information exchanged or provided pursuant to this Section 3.3 is found to be inaccurate, in the absence of gross negligence or willful misconduct by the party providing such Information. No Party shall have any liability to any other Party if any Information is destroyed or lost after the relevant Party has complied with the provisions of Section 3.3(d).

(f) Other Agreements Providing For Exchange of Information . The rights and obligations granted under this Section 3.3 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Inter-Company Agreement.

(g) Production of Witnesses; Records; Cooperation . For a period of seven (7) years after the first date upon which members of the EMC Group cease to own at least twenty percent (20%) of the then outstanding number of shares of Common Stock, and except in the case of a legal or other proceeding by one Party against the other Party, each Party hereto shall use its reasonable best efforts to make available to each other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of such Party as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of

such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any legal, administrative or other proceeding in which the requesting Party may from time to time be involved, regardless of whether such legal, administrative or other proceeding is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

Section 3.4 Auditors and Audits; Financial Statements; Accounting Matters . Each Party agrees that:

(a) Selection of Auditors .

(i) Until the first EMC fiscal year end occurring after the Distribution Date, VMware shall use its reasonable best efforts to select the independent certified public accountants ("VMware's Auditors") used by EMC to serve as its (and its Subsidiaries') independent certified public accountants ("EMC's Auditors" and, for the avoidance of doubt, should EMC at any time change the accounting firm serving as its independent certified public accountants, "EMC's Auditors" shall thereafter mean the new firm serving as EMC's independent certified public accountants) for purposes of providing an opinion on its consolidated financial statements; provided , however , that VMware's Auditors may be different from EMC's Auditors if necessary to comply with applicable laws regarding auditor independence and qualifications (provided , however , that VMware shall not take any actions, and shall use its reasonable best efforts to cause its directors, officers and employees not to take any actions, that could reasonably be expected to require VMware to engage auditors other than EMC's Auditors). The foregoing shall not be construed after VMware conducts an IPO so as to unlawfully limit any responsibility of the audit committee of VMware's board of directors, pursuant to Rule 10A-3(b)(2), to appoint, compensate, retain and oversee the work of the registered public accounting firm VMware engages.

(ii) Until the first EMC fiscal year end occurring after the Distribution Date, VMware shall provide EMC as much prior notice as reasonably practical of any change in VMware's Auditors for purposes of providing an opinion on its consolidated financial statements.

(b) Date of Auditors' Opinion and Quarterly Reviews . Until the first EMC fiscal year end occurring after the Distribution Date and thereafter to the extent necessary for the purpose of preparing financial statements or completing a financial statement audit, VMware shall use its reasonable best efforts to enable VMware's Auditors to complete their audit such that they will date their opinion on VMware's audited annual financial statements on the same date that EMC's Auditors date their opinion on EMC's audited annual financial statements, and to enable EMC to meet its timetable for the printing, filing and public dissemination of EMC's annual financial statements. Until the first EMC fiscal year end occurring after the Distribution Date and

thereafter to the extent necessary for the purpose of preparing financial statements or completing a financial statement audit, VMware shall use its reasonable best efforts to enable VMware's Auditors to complete their annual audit and quarterly review procedures such that they will provide clearance on VMware's annual and quarterly financial statements on the same date that EMC's Auditors provide clearance on EMC's annual and quarterly financial statements.

(c) Annual and Quarterly Financial Statements . Until the Distribution Date, VMware shall not change its fiscal year and, until the first EMC fiscal year end occurring after the Distribution Date and thereafter to the extent necessary for the purpose of preparing financial statements or completing a financial statement audit, shall provide to EMC on a timely basis all Information that EMC reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of EMC's annual, quarterly and monthly financial statements. Without limiting the generality of the foregoing, VMware will provide all required financial Information with respect to VMware to VMware's Auditors in a sufficient and reasonable time and in sufficient detail to permit VMware's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to EMC's Auditors with respect to financial Information to be included or contained in EMC's annual, quarterly and monthly financial statements. Similarly, EMC shall provide to VMware on a timely basis all financial Information that VMware reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of VMware's annual, quarterly and monthly financial statements. Without limiting the generality of the foregoing, EMC will provide all required financial Information with respect to EMC and its Subsidiaries to VMware's Auditors in a sufficient and reasonable time and in sufficient detail to permit VMware's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to VMware's Auditors with respect to Information to be included or contained in VMware's annual and quarterly financial statements.

(d) Certifications and Attestations .

(i) Until the first EMC fiscal year end occurring after the Distribution Date and thereafter to the extent necessary for the timely filing by EMC of annual and quarterly reports under the Exchange Act or in connection with any investigations of prior periods, VMware shall cause its principal executive officer and principal financial officer to provide to EMC on a timely basis and as reasonably requested by EMC (A) any certificates requested as support for the certifications and attestations required by Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002 to be filed with such annual and quarterly reports, (B) any certificates or other written Information which such principal executive officer or principal financial officer received as support for the certificates provided to EMC and (C) a reasonable opportunity to discuss with such principal financial officer and other appropriate officers and employees of VMware any issues reasonably related to the foregoing.

(ii) For so long as EMC is providing accounting

and financial services pursuant to the Administrative Services Agreement and thereafter to the extent necessary for the timely filing by VMware of annual and quarterly reports under the Exchange Act or in connection with any investigations of prior periods, EMC shall cause its appropriate officers and employees to provide to VMware on a timely basis and as reasonably requested by VMware (A) any certificates requested as support for the certifications and attestations required by Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002 to be filed with such annual and quarterly reports, (B) any certificates or other Information which such appropriate officers and employees received as support for the certificates provided to VMware and (C) a reasonable opportunity to discuss with such appropriate officers and employees any issues reasonably related to the foregoing.

(e) Compliance With Laws, Policies and Regulations . Until the Distribution Date, VMware shall comply with all financial accounting and reporting rules, policies and directives of EMC, to the extent such rules, policies and directives have been previously communicated to VMware, and fulfill all timing and reporting requirements, applicable to EMC's Subsidiaries that are consolidated with EMC for financial statement purposes. Without limiting the foregoing, VMware shall comply with all financial accounting and reporting rules and policies, and fulfill all timing and reporting requirements, under applicable federal securities laws and NYSE rules. VMware shall not be deemed to be in breach of its obligations set forth in this provision to the extent that VMware is unable to comply with such obligations as a result of the actions or inactions of EMC.

(f) Identity of Personnel Performing the Annual Audit and Quarterly Reviews . Until the Distribution Date and thereafter to the extent such information and cooperation is necessary for the preparation of financial statements or completing a financial statements audit, VMware shall authorize VMware's Auditors to make available to EMC's Auditors both the personnel who performed or will perform the annual audits and quarterly reviews of VMware and work papers related to the annual audits and quarterly reviews of VMware, in all cases within a reasonable time prior to VMware's Auditors' opinion date, so that EMC's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of VMware's Auditors as it relates to EMC's Auditors' report on EMC's financial statements, all within sufficient time to enable EMC to meet its timetable for the printing, filing and public dissemination of EMC's annual and quarterly statements. Similarly, EMC shall authorize EMC's Auditors to make available to VMware's Auditors both the personnel who performed or will perform the annual audits and quarterly reviews of EMC and work papers related to the annual audits and quarterly reviews of EMC, in all cases within a reasonable time prior to EMC's Auditors' opinion date, so that VMware's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of EMC's Auditors as it relates to VMware's Auditors' report on VMware's statements, all within sufficient time to enable VMware to meet its timetable for the printing, filing and public dissemination of VMware's annual and quarterly financial statements.

(g) Access to Books and Records . Until the Distribution Date and thereafter to the extent such information and cooperation is necessary for the preparation of financial statements or completing a financial statements audit, all governmental audits are complete and the applicable statute of limitations for tax matters has expired, VMware shall provide EMC's internal auditors, counsel and other designated representatives of EMC access during normal business hours to (i) the premises of VMware and all Information (and duplicating rights) within the knowledge, possession or control of VMware and (ii) the officers and employees of VMware, so that EMC may conduct reasonable audits relating to the financial statements provided by VMware pursuant hereto as well as to the internal accounting controls and operations of VMware. Similarly, EMC shall provide VMware's internal auditors, counsel and other designated representatives of VMware access during normal business hours to (x) the premises of EMC and its Subsidiaries and all Information (and duplicating rights with respect thereto) within the knowledge, possession or control of EMC and its Subsidiaries and (y) the officers and employees of EMC and its Subsidiaries, so that VMware may conduct reasonable audits relating to the financial statements provided by EMC pursuant hereto as well as to the internal accounting controls and operations of EMC and its Subsidiaries.

(h) Notice of Change in Accounting Principles . Until the Distribution Date and thereafter if a change in accounting principles by a Party hereto would affect the historical financial statements of the other Party, neither Party shall make or adopt any significant changes in its accounting estimates or accounting principles from those in effect on the IPO Date without first consulting with the other Party, and if requested by the other Party, such Party's independent public accountants with respect thereto. EMC shall give VMware as much prior notice as reasonably practical of any proposed determination of, or any significant changes in, its accounting estimates or accounting principles from those in effect on the IPO Date. EMC will consult with VMware and, if requested by VMware, EMC will consult with VMware's independent public accountants with respect thereto. VMware shall give EMC as much prior notice as reasonably practical of any proposed determination of, or any significant changes in, its accounting estimates or accounting principles from those in effect on the IPO Date. VMware will consult with EMC and, if requested by EMC, VMware will consult with EMC's independent public accountants with respect thereto.

(i) Conflict With Third-Party Agreements . Nothing in Section 3.3 or Section 3.4 shall require VMware to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided , however , that in the event that VMware is required under Section 3.3 or Section 3.4 to disclose any such Information, VMware shall use its reasonable best efforts to seek to obtain such third party's consent to the disclosure of such information.

Section 3.5 Confidentiality .

(a) EMC and VMware shall hold and shall cause each of their respective Subsidiaries to hold, and shall each cause their respective officers, employees, agents, consultants and advisors to hold, in strict confidence and not to disclose or release without the prior written consent of the other

Party, any and all Confidential Information (as defined herein) concerning the other Party and its respective Subsidiaries; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective Affiliated Companies, auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information and, in each case, are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties hereto and in respect of whose failure to comply with such obligations, VMware or EMC, as the case may be, will be responsible, (ii) if the Parties or any of their respective Affiliated Companies are compelled to disclose any such Confidential Information by judicial or administrative process or (iii) if the Parties reasonably determine in good faith that such disclosure is required by other requirements of law. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made in connection with any judicial or administrative process, or a Party determines in good faith that disclosure is otherwise required by law, EMC or VMware, as the case may be, shall promptly notify the other Party of the existence of such request, demand, or conclusion, and shall provide the other Party a reasonable opportunity to seek an appropriate protective order or other remedy, which the notifying Party will cooperate in obtaining. In the event that an appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other Party to furnish, or cause to be furnished, only that portion of the Confidential Information that is required to be disclosed and shall use its reasonable best efforts to obtain reasonable assurances that confidential treatment will be accorded to such Information.

(b) As used in this Section 3.5:

(i) "Confidential Information" shall mean Confidential Business Information and Confidential Technical Information concerning one Party which, prior to, on or following the IPO Date, has been disclosed by EMC or its Subsidiaries (excluding VMware and its Subsidiaries) on the one hand, or VMware or its Subsidiaries, on the other hand, that (1) is in written, recorded, graphical or other tangible form and is marked "Proprietary", "Confidential" or "Trade Secret", (2) is in oral form and identified by the disclosing Party as "Proprietary", "Confidential" or "Trade Secret" at the time of oral disclosure, including pursuant to the access provisions of Section 3.3 or Section 3.4 hereof or any other provision of this Agreement or (3) in the case of such Information disclosed on or prior to the date hereof, is identified by the owning Party to the other Party as Confidential Business Information or Confidential Technical Information, either orally or in writing, on or prior to the IPO Date, and includes any modifications or derivatives prepared by the receiving Party that contain or are based upon any Confidential Information obtained from the disclosing Party, including any analysis, reports, or summaries of the Confidential Information. Confidential Information may also include information disclosed to a disclosing Party by third parties. Confidential Information shall not, however, include any information which (A) was publicly known and made generally available

in the public domain prior to the time of disclosure by the disclosing Party; (B) becomes publicly known and made generally available after disclosure by the disclosing Party to the receiving Party through no action or inaction of the receiving Party; (C) is obtained by the receiving Party from a third party without a breach of such third party's obligations of confidentiality; or (D) is independently developed by the receiving Party without use of or reference to the disclosing Party's Confidential Information.

(ii) "Confidential Technical Information" shall mean all proprietary scientific, engineering, mathematical or design information, data and material of the disclosing Party including, without limitation, (a) specifications, ideas, concepts, models, and strategies for products or services, (b) quality assurance policies, procedures and specifications, (c) source code and object code, (d) training materials and information, and (e) all other know-how, methodology, processes, procedures, techniques and trade secrets related to product or service design, development, manufacture, implementation, use, support, and maintenance.

(iii) "Confidential Business Information" shall mean all proprietary information, data or material of the disclosing Party other than Confidential Technical Information, including, but not limited to (a) proprietary earnings reports and forecasts, (b) proprietary macro-economic reports and forecasts, (c) proprietary business plans, (d) proprietary general market evaluations and surveys, (e) proprietary financing and credit-related information, and (f) customer information.

(c) Nothing in this Agreement shall restrict (i) the disclosing Party from using, disclosing, or disseminating its own Confidential Information in any way, or (ii) reassignment of the receiving Party's employees. Moreover, nothing in the Agreement supersedes any restriction imposed by third parties on their Confidential Information, and there is no obligation on the disclosing Party to conform third party agreements to the terms of this Agreement except as expressly set forth therein.

(d) Notwithstanding anything to the contrary set forth herein, (i) EMC and its Subsidiaries (excluding VMware and its Subsidiaries), on the one hand, and VMware and its Subsidiaries, on the other hand, shall be deemed to have satisfied their obligations hereunder with respect to Confidential Information if they exercise the same degree of care (but no less than a reasonable degree of care) as they take to preserve confidentiality for their own similar Information and (ii) confidentiality obligations provided for in any agreement between EMC or its Subsidiaries (excluding VMware and its Subsidiaries), or VMware or any of its Subsidiaries, on the one hand, and any employee of EMC or any of its Subsidiaries, or VMware or any of its Subsidiaries, on the other hand shall remain in full force and effect.

(e) Confidential Information of EMC and its Subsidiaries (excluding VMware and its Subsidiaries), on the one hand, or VMware and its Subsidiaries, on the other hand, in the possession of and used by the other as of the IPO Date may continue to be used by such Person in possession of the Confidential Information in and only in the operation of the EMC Business or the VMware Business, as the case may be, and may be used only so long as the Confidential Information is maintained in confidence and not disclosed in violation of Section 3.5(a) and provided that such use of Confidential Information is not a use of EMC IP (as defined in the Intellectual Property Agreement) or VMware IP (as defined in the Intellectual Property Agreement), as the case may be, which would be prohibited by the Intellectual Property Agreement. Such continued right to use Confidential Information may not be transferred to any third party unless such third party (A) purchases all or substantially all of the business and assets in one transaction or in a series of related transactions for which or in which the relevant Confidential Information is used or employed and such continued right to use Confidential Information is not a use of EMC IP or VMware IP, as the case may be, which would be prohibited by the Intellectual Property Agreement and (B) expressly agrees in writing to be bound by the provisions of this Section 3.5. In the event that such right to use is transferred in accordance with the preceding sentence, the transferring Party shall not disclose the source of the relevant Confidential Information. For the avoidance of doubt, the Parties agree that the use and transfer of Confidential Information that constitutes EMC IP or VMware IP shall be governed by the Intellectual Property Agreement.

Section 3.6 Privileged Matters .

(a) EMC and VMware agree that their respective rights and obligations to maintain, preserve, assert or waive any or all privileges belonging to either corporation or their Subsidiaries with respect to the VMware Business or the business of EMC, including but not limited to the attorney-client and work product privileges (collectively, “Privileges”), shall be governed by the provisions of this Section 3.6. With respect to Privileged Information of EMC (as defined below), EMC shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and VMware shall take no action (nor permit any of its Subsidiaries to take action) without the prior written consent of EMC that could result in any waiver of any Privilege that could be asserted by EMC or any of its Subsidiaries under applicable law and this Agreement. With respect to Privileged Information of VMware (as defined below) arising after the IPO Date, VMware shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and EMC shall take no action (nor permit any of its Subsidiaries to take action) without the prior written consent of VMware that could result in any waiver of any Privilege that could be asserted by VMware or any of its Subsidiaries under applicable law and this Agreement. The rights and obligations created by this Section 3.6 shall apply to all Information as to which EMC or VMware or their respective Subsidiaries would be entitled to assert or has asserted a Privilege without regard to the effect, if any, of the Distribution (“Privileged Information”). Privileged Information of EMC includes but is not limited to (i) any and all Information regarding the business of EMC and its Subsidiaries (other than Information regarding the VMware Business; provided that VMware has assumed and will be liable on or after the IPO Date for any liability or claim arising with respect to such Information), whether or not it is in the possession of VMware or any of its

Subsidiaries; (ii) all communications subject to a Privilege between counsel for EMC (including in-house counsel) and any person who, at the time of the communication, was an employee of EMC, regardless of whether such employee is or becomes an employee of VMware or any of its Subsidiaries and (iii) all Information generated, received or arising after the IPO Date that refers or relates to Privileged Information of EMC generated, received or arising prior to the IPO Date. Privileged Information of VMware includes but is not limited to (x) any and all Information regarding the VMware Business, whether or not it is in the possession of EMC or any of its Subsidiaries; provided that VMware has assumed and will be liable on or after the IPO Date for any liability or claim arising with respect to such Information; (y) all communications subject to a Privilege occurring after the IPO Date between counsel for the VMware Business (including in-house counsel and former in-house counsel who are or were employees of EMC) and any person who, at the time of the communication, was an employee of VMware, regardless of whether such employee was, is or becomes an employee of EMC or any of its Subsidiaries (other than VMware and its Subsidiaries) and (z) all Information generated, received or arising after the IPO Date that refers or relates to Privileged Information of VMware generated, received or arising after the IPO Date.

(b) Upon receipt by EMC or VMware, as the case may be, of any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other or if EMC or VMware, as the case may be, obtains knowledge that any current or former employee of EMC or VMware, as the case may be, has received any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other, EMC or VMware, as the case may be, shall promptly notify the other of the existence of the request and shall provide the other a reasonable opportunity to review the Information and to assert any rights it may have under this Section 3.6 or otherwise to prevent the production or disclosure of Privileged Information. EMC or VMware, as the case may be, will not produce or disclose to any third party any of the other's Privileged Information under this Section 3.6 unless (a) the other has provided its express written consent to such production or disclosure or (b) a court of competent jurisdiction has entered an order not subject to interlocutory appeal or review finding that the Information is not entitled to protection from disclosure under any applicable privilege, doctrine or rule.

(c) EMC's transfer of books and records pertaining to the VMware Business and other Information to VMware, if any, EMC's agreement to permit VMware to obtain Information existing prior to the IPO Date, VMware's transfer of books and records and other Information pertaining to EMC, if any, and VMware's agreement to permit EMC to obtain Information existing prior to the IPO Date are made in reliance on EMC's and VMware's respective agreements, as set forth in Section 3.5 and this Section 3.6, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by EMC or VMware, as the case may be. The access to Information, witnesses and individuals being granted pursuant to Section 3.3 and Section 3.4 and the disclosure to VMware and EMC of Privileged Information relating to the VMware Business or the business of EMC pursuant to this Agreement shall not be asserted by EMC or VMware to

constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 3.6 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to EMC and VMware in, or the obligations imposed upon EMC and VMware by, this Section 3.6.

Section 3.7 Future Litigation and Other Proceedings . In the event that VMware (or any of its Subsidiaries or any of its or their respective officers or directors) or EMC (or any of its Subsidiaries or any of its or their respective officers or directors) at any time after the date hereof initiates or becomes subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the Parties have no prior agreements (as to indemnification or otherwise), the Party (and its Subsidiaries and its and their respective officers and directors) that has not initiated and is not subject to such litigation or other proceedings shall comply, at the other Party's expense, with any reasonable requests by the other Party for assistance in connection with such litigation or other proceedings (including by way of provision of information and making available of associates or employees as witnesses). In the event that VMware (or any of its Subsidiaries or any of its or their respective officers or directors) and EMC (or any of its Subsidiaries or any of its or their respective officers or directors) at any time after the date hereof initiate or become subject to any litigation or other proceedings before any governmental authority or arbitration panel with respect to which the Parties have no prior agreements (as to indemnification or otherwise), each Party (and its officers and directors) shall, at their own expense, coordinate their strategies and actions with respect to such litigation or other proceedings to the extent such coordination would not be detrimental to their respective interests and shall comply, at the expense of the requesting Party, with any reasonable requests of the other Party for assistance in connection therewith (including by way of provision of information and making available of employees as witnesses).

Section 3.8 Mail and other Communications . After the IPO Date, each of EMC and VMware may receive mail, facsimiles, packages and other communications properly belonging to the other. Accordingly, at all times after the IPO Date, each of EMC and VMware authorizes the other to receive and open all mail, telegrams, packages and other communications received by it and not unambiguously intended for the other Party or any of the other Party's officers or directors, and to retain the same to the extent that they relate to the business of the receiving Party or, to the extent that they do not relate to the business of the receiving Party, the receiving Party shall promptly deliver such mail, telegrams, packages or other communications, including, without limitation, notices of any liens or encumbrances on any asset transferred to VMware in connection with its separation from EMC, (or, in case the same relate to both businesses, copies thereof) to the other Party as provided for in Section 7.6 hereof. The provisions of this Section 3.8 are not intended to, and shall not, be deemed to constitute (a) an authorization by either EMC or VMware to permit the other to accept service of process on its behalf and neither Party is or shall be deemed to be the agent of the other for service of process purposes or (b) a waiver of any Privilege with respect to Privileged Information contained in such mail, telegrams, packages or other communications.

Section 3.9 Employment Matters .

(a) For a period of two years following the IPO Date, neither the EMC Group nor the VMware Group will, directly or indirectly, solicit active employees of the other without its consent; provided that each Party agrees to give such consent if it believes, in good faith, that consent is necessary to avoid the resignation of an employee from one Party that the other Party would wish to employ. EMC shall be deemed to have given its consent to the solicitation and hiring of the EMC Transferees (as defined in the Employee Benefits Agreement) by the VMware Group.

(b) All outstanding options to purchase shares of EMC and all other EMC equity awards held by VMware Group employees at the IPO Date (the "Remaining EMC Awards") will continue to be outstanding until the earlier of (i) the date the award is exchanged pursuant to any issuer exchange offer undertaken by EMC and VMware, (ii) the date the award is exercised or expires under the terms of the applicable award agreement or (iii) the date the VMware Group employee is deemed to have "terminated" as defined in the plan under which the award was granted or, if later, the end of any post-termination exercise period specified in the award agreement or by the plans' administrative committees. Under the existing terms of the Remaining EMC Awards, VMware Group employees will be considered to have terminated employment at such time as EMC holds shares representing less than fifty percent (50%) of the aggregate votes entitled to be cast by all holders of the Common Stock (a "Change of Control"). Upon the mutual agreement of the Parties, EMC will cause the award agreements with respect to the Remaining EMC Awards held by VMware Group employees residing outside the United States to be amended so that such employees will not be deemed to have terminated if such a Change of Control occurs, provided that substantially concurrently with any such amendment of award agreements, VMware reimburses EMC in an amount equal to the sum of the aggregate amount of any charges required to be recognized under FAS 123R that have not then been expensed by EMC, as reflected on EMC's books and records, plus the aggregate amount of any additional charges required under FAS 123R that may be recognized by EMC in connection with such amendments, as reasonably determined by EMC.

Section 3.10 Payment of Expenses . Except as otherwise provided in this Agreement, the Inter-Company Agreements or any other agreement between the Parties relating to the IPO or the Distribution, (i) all costs and expenses of the Parties hereto in connection with the IPO (including costs associated with drafting this Agreement, the Inter-Company Agreements and the documents relating to the formation of VMware) shall be paid by VMware; (ii) all costs and expenses of the Parties hereto in connection with the Distribution shall be paid by VMware; and (iii) all costs and expenses of the Parties hereto in connection with any matter not relating to the IPO or the Distribution shall be paid by the Party which incurs such cost or expense. Notwithstanding the foregoing, VMware and EMC shall each be responsible for their own internal fees, costs and expenses (e.g., salaries of personnel) incurred in connection with the IPO and the Distribution.

Section 3.11 Dispute Resolution .

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the Inter-Company Agreements, other than the Tax Sharing Agreement, or the breach, termination or validity thereof ("Dispute") which arises between the Parties shall first be negotiated between appropriate senior executives of each Party who shall have the authority to resolve the matter. Such executives shall meet to attempt in good faith to negotiate a resolution of the Dispute prior to pursuing other available remedies, within ten (10) days of receipt by a Party of notice of a Dispute, which date of receipt shall be referred to herein as the "Dispute Resolution Commencement Date." Discussions and correspondence relating to trying to resolve such Dispute shall be treated as Confidential Information and Privileged Information of each of EMC and VMware developed for the purpose of settlement and shall be exempt from discovery or production and shall not be admissible in any subsequent proceeding between the Parties.

(b) If the senior executives are unable to resolve the Dispute within sixty (60) days from the Dispute Resolution Commencement Date, then, the Dispute will be submitted to the boards of directors of EMC and VMware. Representatives of each board of directors shall meet as soon as practicable to attempt in good faith to negotiate a resolution of the Dispute.

(c) If the representatives of the two boards of directors are unable to resolve the Dispute within one hundred twenty (120) days from the Dispute Resolution Commencement Date, on the request of any Party, the Dispute will be mediated by a mediator appointed pursuant to the mediation rules of the American Arbitration Association. Both Parties will share the administrative costs of the mediation and the mediator's fees and expenses equally, and each Party shall bear all of its other costs and expenses related to the mediation, including but not limited to attorney's fees, witness fees, and travel expenses. The mediation shall take place in Boston, Massachusetts or in whatever alternative forum on which the Parties may agree.

(d) If the Parties cannot resolve any Dispute through mediation within forty-five days of the appointment of the mediator (or the earlier withdrawal thereof), each Party shall be entitled to seek relief in a court of competent jurisdiction.

Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement and each Inter-Company Agreement during the course of dispute resolution pursuant to the provisions of this Section 3.11 with respect to all matters not subject to such dispute, controversy or claim.

Section 3.12 Consent of Holders of Class B Common Stock .

(a) Prior to the first date on which members of the EMC Group cease to beneficially own twenty percent (20%) or more of the aggregate number of shares of the then outstanding Common Stock, the prior affirmative vote of the holders of a majority of the outstanding shares of the Class B common stock, voting separately as a class, shall be required to authorize VMware to (and (in the case of clauses (iii) through (v) below) authorize or permit any Subsidiary of VMware to):

(i) adopt or implement any stockholder rights plan or similar takeover defense measure;

(ii) consolidate or merge with or into any Person;

(iii) permit any Subsidiary of VMware to consolidate or merge with or into any Person (other than (1) a consolidation or merger of a Wholly-Owned Subsidiary with or into VMware or with or into another Wholly-Owned Subsidiary or (2) in connection with a Permitted Acquisition);

(iv) directly or indirectly acquire Stock, Stock Equivalents or assets, other than capital assets, (including, without limitation, any business or operating unit) of any Person (other than VMware or its Subsidiaries), in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by VMware or any of its Subsidiaries and Indebtedness of any entity so acquired) paid or delivered by VMware and its Subsidiaries in excess of $100,000,000; provided however, this Section 3.12(a)(iv) shall not require the vote of the holders of Class B common stock in connection with acquisitions of securities pursuant to portfolio investment decisions in the ordinary course of business or transactions to which VMware and one or more Wholly-Owned Subsidiaries are the only parties;

(v) issue any Stock or any Stock Equivalents, except (1) the issuance of shares of Stock of a Wholly-Owned Subsidiary of VMware to VMware or another Wholly-Owned Subsidiary of VMware, (2) pursuant to the IPO or (3) the issuance of shares of Class A common stock or options or other rights to purchase Class A common stock pursuant to employee benefit plans or dividend reinvestment plans approved by the board of directors of VMware (provided, however, that notwithstanding the provision of this clause (3), the prior affirmative vote of the holders of a majority of the outstanding shares of the Class B common stock, voting separately as a class, shall be required to authorize VMware to finally determine the aggregate size of its annual equity grants);

(vi) dissolve, liquidate or wind up VMware;

(vii) declare dividends on any class or series of the capital stock of VMware;

(viii) enter into any arrangement or agreement with any Person which the board of directors of VMware determines to be on terms exclusionary to EMC or that are exclusive to such Person, where such Person is offering or proposes to offer products or services that are substantially equivalent to products and services offered by EMC; and

(ix) alter, amend, terminate or repeal, or adopt any provision inconsistent with, in each case whether directly or indirectly, or by merger, consolidation or otherwise, Articles V or VI or Sections A, C through G or J of Article VII of the Certificate of Incorporation or Sections 2.2, 2.8(D), 2.11, 3.2(A), 3.2(C), 3.9 or 3.11 of the Amended and Restated Bylaws of VMware.

(b) VMware shall not undertake any action or conduct that would have the effect of indirectly engaging VMware in activities that the provisions of this Section would otherwise prohibit.

Section 3.13 Most Favored Status . Prior to the first date on which members of the EMC Group cease to beneficially own twenty percent (20%) or more of the aggregate number of shares of the then outstanding Common Stock, VMware agrees to sell to EMC or any member of the EMC Group upon request its commercially available products for internal use by EMC or members of the EMC Group and for use by EMC or members of the EMC Group for hosting services, but not for resale thereof as standalone products or bundled with any products of the EMC Group or any third party. In the case of the purchase or sale of products for internal use and for hosting services, each Party further agrees to hold the other in most favored status. For purposes of this Agreement, "most favored status" means, solely and exclusively, that all of the product prices, terms, warranties and benefits provided by EMC to VMware, on the one hand, and VMware to EMC, on the other hand, shall be comparable to or better than the equivalent terms being offered by the Party providing the products to any single, present customer of such Party. For purposes of this Agreement, "hosting services" means the hosting of computer application-based services or the provision of such services via an internal or external network for third party businesses (but not for third party consumers) on a commercial basis. If a Party shall enter into arrangements with any other customer of such Party providing such customer more favorable terms, this Agreement shall thereupon be deemed amended to provide the same terms to the other Party retroactive to the date of such third party agreement. Notwithstanding the foregoing, neither Party shall be obligated to return any monies paid prior to such amendment, or to forego the receipt of any payments then accrued under the then-current arrangement.

Section 3.14 Governmental Approvals . To the extent that any of the transactions contemplated by this Agreement requires any Governmental Approvals, the Parties will use their reasonable best efforts to obtain any such Governmental Approvals.

Section 3.15 No Representation or Warranty .

(a) EMC does not, in this Agreement or any other agreement, instrument or document contemplated by this Agreement, make any representation as to, warranty of or covenant with respect to:

(i) the value of any asset or thing of value transferred, or to be transferred, to VMware;

(ii) the freedom from encumbrance of any asset or thing of value transferred, or to be transferred, to VMware; provided , however , that EMC agrees to notify VMware promptly in the event EMC receives any notice or claim of any encumbrance on or against any asset or thing of value transferred, or to be transferred, to VMware;

(iii) the absence of defenses or freedom from counterclaims with respect to any claim transferred, or to be transferred, to VMware; provided , however , that neither EMC nor its Subsidiaries have any counterclaims with respect to any claim transferred, or to be transferred, to VMware; or

(iv) the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any asset or thing of value upon its execution, delivery and filing.

Except as may expressly be set forth herein or in any Inter-Company Agreement, all assets transferred, or to be transferred, to VMware have been, or shall be, as the case may be, transferred "AS IS, WHERE IS" and VMware shall bear the economic and legal risk that any conveyance shall prove to be insufficient to vest in VMware good and marketable title, free and clear of any lien, claim, equity or other encumbrance.

(b) VMware does not, in this Agreement or any other agreement, instrument or document contemplated by this Agreement, make any representation as to, warranty of or covenant with respect to:

(i) the value of any asset or thing of value transferred, or to be transferred, to EMC;

(ii) the freedom from encumbrance of any asset or thing of value transferred, or to be transferred, to EMC; provided , however , that VMware agrees to notify EMC promptly in the event VMware receives any notice or claim of any encumbrance on or against any asset or thing of value transferred, or to be transferred, to EMC;

(iii) the absence of defenses or freedom from counterclaims with respect to any claim transferred, or to be transferred, to EMC; provided , however , that neither VMware nor its Subsidiaries have any counterclaims with respect to any claim transferred, or to be transferred, to EMC; or

(iv) the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any asset or thing of value upon its execution, delivery and filing.

Except as may expressly be set forth herein or in any Inter-Company Agreement, all assets transferred, or to be transferred, to EMC have been, or shall be, as the case may be, transferred "AS IS, WHERE IS" and EMC shall bear the economic and legal risk that any conveyance shall prove to be insufficient to vest in EMC good and marketable title, free and clear of any lien, claim, equity or other encumbrance.

Section 3.16 Rules of Engagement . VMware's Rules of Engagement with Storage, Server and Infrastructure Software Vendors (the "Rules of Engagement") in effect as of the date hereof are attached as Exhibit A hereto. VMware has conducted the VMware Business in accordance with the Rules of Engagement since January 2004 and will continue to conduct the VMware Business in accordance with the Rules of Engagement unless the Rules of Engagement are modified by the board of directors of VMware, at which time VMware will conduct the VMware Business according to the modified rules.

Section 3.17 Compliance with Legal Policies .

(a) For so long as EMC is providing legal services under the Administrative Services Agreement, VMware shall comply with all policies and directives identified by EMC as critical to legal and regulatory compliance; provided , however , that nothing contained herein shall preclude modifications to such policies or directives as shall, in the opinion of counsel to VMware or EMC, be necessary or desirable to comply with then applicable law. Until the Distribution Date, VMware shall not adopt policies or directives relating to legal or regulatory compliance that are inconsistent with the policies and directives identified by EMC as critical to legal and regulatory compliance.

(b) For so long as EMC is providing services under the Administrative Services Agreement, it will take reasonable steps to assure that the employees providing such services comply with all policies and directives identified by VMware as critical to legal and regulatory compliance that are applicable to such employees.

Section 3.18 Guarantees . Each Party agrees that it will not renew or extend any lease, contract or agreement guaranteed by the other Party without the consent of the guaranteeing Party.

Section 3.19 Consent to Certain Agreements . VMware or any of its Subsidiaries shall not enter into any agreement with EMC or any of its Subsidiaries, or with EMC or any of its Subsidiaries and any third party, without obtaining the consent of EMC.

ARTICLE IV
REGISTRATION RIGHTS

Section 4.1 Demand Registration .

(a) The Holders shall have the right after the IPO Date to request in writing (a "Request") (which request shall specify the Registrable Securities intended to be disposed of by such Holders and the intended method of distribution thereof, including in a Rule 415 Offering, if VMware is then eligible to register such Registrable Securities on Form S-3 (or a successor form) for such offering) that VMware register such portion of such Holders' Registrable Securities as shall be specified in the Request (a "Demand Registration") by filing with the Commission, as soon as practicable thereafter, but not later than the 45th day (or the 75th day if the applicable registration form is other than Form S-3) after the receipt of such a Request by VMware, a registration statement (a "Demand Registration Statement") covering such Registrable Securities, and VMware shall use its reasonable best efforts to have such Demand Registration Statement become effective with the Commission concurrently with filing or as soon as practicable thereafter, but in no event later than the 90th day (or the 105th day if the applicable registration form is other than Form S-3) after the receipt of such a Request, and, subject to Section 4.4, to keep such Demand Registration Statement Continuously Effective for a period of at least twenty-four (24) months, in the case of a Rule 415 Offering, or, in all other cases, for a period of at least 180 days following the date on which such Demand Registration Statement is declared effective (or for such shorter period which will terminate when all of the Registrable Securities covered by such Demand Registration Statement shall have been sold pursuant thereto), including, if necessary, by filing with the Commission a post-effective amendment or a supplement to the Demand Registration Statement or the related prospectus or any document incorporated therein by reference or by filing any other required document or otherwise supplementing or amending the Demand Registration Statement, if required by the rules, regulations or instructions applicable to the registration form used by VMware for such Demand Registration Statement or by the Securities Act, the Exchange Act, any state securities or blue sky laws, or any rules and regulations thereunder; provided that such period during which the Demand Registration Statement shall remain Continuously Effective shall, in the case of an Underwritten Offering, and subject to Section 4.4, be extended for such period (if any) as the underwriters shall reasonably require, including to satisfy, in the judgment of counsel to the underwriters, any prospectus delivery requirements imposed by applicable law.

(b) VMware shall not be obligated to effect more than two (2) Demand Registrations in any calendar year. For purposes of the preceding sentence, a Demand Registration shall not be deemed to have been effected (and, therefore, not requested for purposes of paragraph (a) above), (i) unless a Demand Registration Statement with respect thereto has become effective, (ii) if after such Demand Registration Statement has become effective, the offer, sale or distribution of Registrable Securities thereunder is prevented by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason not attributable to any Holder and such effect is not thereafter eliminated or (iii) if the

conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied or waived other than by reason of a failure on the part of any Holder. If VMware shall have complied with its obligations under ARTICLE IV, a right to a Demand Registration pursuant to this Section 4.1 shall be deemed to have been satisfied upon the earlier of (x) the date as of which all of the Registrable Securities included therein shall have been sold to the underwriters or distributed pursuant to the Demand Registration Statement and (y) the date as of which such Demand Registration Statement shall have been effective for an aggregate period of at least twenty-four (24) months, in the case of a Rule 415 Offering, or, in all other cases, for a period of at least 180 days following the effectiveness of such Demand Registration Statement.

(c) Any request made pursuant to this Section 4.1 shall be addressed to the attention of the secretary of VMware, and shall specify (i) the number of Registrable Securities to be registered (which shall be not less than the lesser of (x) 5% of the total number of Registrable Securities outstanding or (y) the remaining balance of the Registrable Securities then held by the Holders.

(d) VMware may not include in a Demand Registration pursuant to Section 4.1 hereof shares of VMware Capital Stock for the account of VMware or any Subsidiary of VMware, but, if and to the extent required by a contractual obligation, may, subject to compliance with Section 4.1(e), include shares of VMware Capital Stock for the account of any other Person who holds shares of VMware Capital Stock entitled to be included therein; provided , however , that if the Underwriters' Representative of any offering described in this Section 4.1 shall have informed VMware in writing that in its judgment there is a Maximum Number of shares of VMware Capital Stock that all Holders and any other Persons desiring to participate in such Demand Registration may include in such offering, then VMware shall include in such Demand Registration all Registrable Securities requested to be included in such registration by the Holders together with up to such additional number of shares of VMware Capital Stock that any other Persons entitled to participate in such registration desire to include in such registration up to the Maximum Number that the Underwriters' Representative has informed VMware may be included in such registration without materially and adversely affecting the success or pricing of such offering; provided that the number of shares of VMware Capital Stock to be offered for the account of all such other Persons participating in such registration shall be reduced in a manner determined by VMware in its sole discretion.

(e) No Holder may participate in any Underwritten Offering under Section 4.1 hereof and no other Person shall be permitted to participate in any such offering pursuant to Section 4.1 hereof unless it completes and executes all customary questionnaires, powers of attorney, custody agreements, underwriting agreements and other customary documents required under the customary terms of such underwriting arrangements. In connection with any Underwritten Offering under Section 4.1 hereof, each participating Holder and VMware and, except in the case of a Rule 415 Offering hereof, each other Person shall be a party to the underwriting agreement with the underwriters and may be required to make certain customary representations and

warranties and provide certain customary indemnifications for the benefits of the underwriters; provided that the Holders shall not be required to make representations and warranties with respect to VMware or their business and operations and shall not be required to agree to any indemnity or contribution provisions less favorable to them than as are set forth herein.

Section 4.2 Piggyback Registration .

(a) In the event that VMware at any time after the IPO Date proposes to register any of its VMware Capital Stock, any other of its equity securities or securities convertible into or exchangeable for its equity securities (collectively, including VMware Capital Stock, "Other Securities") under the Securities Act, either in connection with a primary offering for cash for the account of VMware, a secondary offering or a combined primary and secondary offering, VMware will each time it intends to effect such a registration, give written notice (a "Company Notice") to all Holders of Registrable Securities at least ten (10) business days prior to the initial filing of a registration statement with the Commission pertaining thereto, informing such Holders of its intent to file such registration statement and of the Holders' right to request the registration of the Registrable Securities held by the Holders. Upon the written request of the Holders made within seven (7) business days after any such Company Notice is given (which request shall specify the Registrable Securities intended to be disposed of by such Holder and the intended distribution thereof, provided , however , if (i) the Registrable Securities intended to be disposed of are Class A common stock and (ii) the applicable registration is intended to effect a primary offering of Class A common stock for cash for the account of VMware, such request shall specify only the Registrable Securities intended to be disposed of by such Holder), VMware will use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities which VMware has been so requested to register by the Holders to the extent required to permit the disposition (in accordance with the intended methods of distribution thereof or, in the case of a registration which is intended to effect a primary offering for cash for the account of VMware, in accordance with VMware's intended method of distribution) of the Registrable Securities so requested to be registered, including, if necessary, by filing with the Commission a post-effective amendment or a supplement to the registration statement filed by VMware or the related prospectus or any document incorporated therein by reference or by filing any other required document or otherwise supplementing or amending the registration statement filed by VMware, if required by the rules, regulations or instructions applicable to the registration form used by VMware for such registration statement or by the Securities Act, any state securities or blue sky laws, or any rules and regulations thereunder; provided , however , that if, at any time after giving written notice of its intention to register any Other Securities and prior to the Effective Date of the registration statement filed in connection with such registration, VMware shall determine for any reason not to register or to delay such registration of the Other Securities, VMware shall give written notice of such determination to each Holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, VMware shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses incurred in connection therewith or from VMware's obligations with respect to any subsequent registration) and (ii) in the case of a determination to delay such registration, VMware shall be permitted to delay registration of any Registrable Securities requested to be included in such registration statement for the same period as the delay in registering such Other Securities.

(b) If, in connection with a registration statement pursuant to this Section 4.2, the Underwriters' Representative of the offering registered thereon shall inform VMware in writing that in its opinion there is a Maximum Number of shares of VMware Capital Stock that may be included therein and if such registration statement relates to an offering initiated by VMware of Common Stock being offered for the account of VMware, VMware shall include in such registration: (i) first, the number of shares VMware proposes to offer ("Company Securities"), (ii) second, up to the full number of Registrable Securities held by Holders of Registrable Securities that are requested to be included in such registration (Registrable Securities that are so held being sometimes referred to herein as "EMC Securities") to the extent necessary to reduce the respective total number of shares of VMware Capital Stock requested to be included in such offering to the Maximum Number recommended by such Underwriters' Representative (and in the event that such Underwriters' Representative advises that less than all of such EMC Securities may be included in such offering, the Holders of Registrable Securities may withdraw their request for registration of their Registrable Securities under this Section 4.2 and not less than 90 days subsequent to the Effective Date of the registration statement for the registration of such Other Securities request that such registration be effected as a registration under Section 4.1 to the extent permitted thereunder) and (iii) third, up to the full number of the Other Securities (other than Company Securities), if any, in excess of the number of Company Securities and EMC Securities to be sold in such offering to the extent necessary to reduce the respective total number of shares of VMware Capital Stock requested to be included in such offering to the Maximum Number recommended by such Underwriters' Representative (and, if such number is less than the full number of such Other Securities, such number shall be allocated pro rata among the holders of such Other Securities (other than Company Securities) on the basis of the number of securities requested to be included therein by each such holder).

(c) If, in connection with a registration statement pursuant to this Section 4.2, the Underwriters' Representative of the offering registered thereon shall inform VMware in writing that in its opinion there is a Maximum Number of shares of VMware Capital Stock that may be included therein and if such registration statement relates to an offering initiated by any Person other than VMware (the "Other Holders"), VMware shall include in such registration the number of securities (including Registrable Securities) that such underwriters advise can be so sold without adversely affecting such offering, allocated pro rata among the Other Holders and the Holders of Registrable Securities on the basis of the number of securities (including Registrable Securities) requested to be included therein by each Other Holder and Holder of Registrable Securities.

(d) No Holder may participate in any Underwritten Offering under this Section 4.2 and no other Person shall be permitted to participate in any such offering pursuant to this Section 4.2 unless it completes and executes all customary questionnaires, powers of attorney, custody agreements, underwriting agreements and

other customary documents required under the customary terms of such underwriting arrangements. In connection with any Underwritten Offering under this Section 4.2, each participating Holder and VMware and each such other Person shall be a party to the underwriting agreement with the underwriters of such offering and may be required to make certain customary representations and warranties and provide certain customary indemnifications for the benefits of the underwriters; provided that the Holders shall not be required to make representations and warranties with respect to VMware or their business and operations and shall not be required to agree to any indemnity or contribution provisions less favorable to them than as are set forth herein.

(e) VMware shall not be required to effect any registration of Registrable Securities under this Section 4.2 incidental to the registration of any of its securities in connection with VMware's issuance of registered shares of VMware Capital Stock in mergers, acquisitions, reorganizations, exchange offers, subscription offers, dividend reinvestment plans or stock option or other executive or employee benefit or compensation plans.

(f) The registration rights granted pursuant to the provisions of this Section 4.2 shall be in addition to the registration rights granted pursuant to Section 4.1. No registration of Registrable Securities effected under this Section 4.2 shall relieve VMware of its obligation to effect a registration of Registrable Securities pursuant to Section 4.1.

Section 4.3 Expenses . Except as provided herein, VMware shall pay all Registration Expenses in connection with all registrations of Registrable Securities. Notwithstanding the foregoing, each Holder of Registrable Securities and VMware shall be responsible for its own internal administrative and similar costs, which shall not constitute Registration Expenses.

Section 4.4 Blackout Period . VMware shall be entitled to elect that a registration statement not be usable, or that the filing thereof be delayed beyond the time otherwise required, for a reasonable period of time (a "Blackout Period"), if VMware reasonably determines in good faith that the registration and distribution of Registrable Securities (or the use or filing of the IPO Registration Statement or related prospectus) would interfere with any pending material financing, merger, acquisition, consolidation, recapitalization, corporate reorganization or any other material corporate development involving VMware or any of its Subsidiaries or would require premature disclosure thereof that would be detrimental to VMware, and VMware promptly gives the Holders of Registrable Securities written notice of such determination, and if requested by Holders and to the extent such action would not violate applicable law, VMware will promptly deliver to the Holders a general statement of the reasons for such postponement or restriction on use and to the extent practicable an approximation of the anticipated delay, and promptly gives the Holders of Registrable Securities written notice at the conclusion of such Blackout Period. For the avoidance of doubt, the Parties agree that an election by VMware that a registration statement for the registration and distribution of Registrable Securities shall not be usable, or shall be delayed, during a Blackout Period shall not act to reduce the period during which such registration statement shall remain effective pursuant to the terms of this Article IV.

Section 4.5 Selection of Underwriters . If any Rule 415 Offering or any offering pursuant to a Demand Registration Statement is an Underwritten Offering, EMC will select a managing underwriter or underwriters to administer the offering, which managing underwriter shall be reasonably satisfactory to VMware. VMware shall have the right to select a managing underwriter or underwriters to administer any Underwritten Offering contemplated by Section 4.2.

Section 4.6 Obligations of VMware . If and whenever VMware is required to effect the registration of any Registrable Securities under the Securities Act as provided in this ARTICLE IV, VMware shall as promptly as practicable:

(a) prepare, file and use its reasonable best efforts to cause to become effective a registration statement under the Securities Act relating to the Registrable Securities to be offered;

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus (including any issuer free writing prospectus required to be so filed) used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities until the earlier of (i) such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition set forth in such registration statement and (ii) the expiration of one hundred eighty (180) days after such registration statement becomes effective; provided, that such one hundred eighty (180) day period shall be extended for such number of days that equals the number of days elapsing from (x) the date the written notice contemplated by paragraph (f) below is given by VMware to (y) the date on which VMware delivers to Holders of Registrable Securities the supplement or amendment contemplated by paragraph (f) below;

(c) furnish to Holders of Registrable Securities and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus, any summary prospectus and any issuer free writing prospectus), in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, and such other documents, as Holders of Registrable Securities or such underwriter may reasonably request, and a copy of any and all transmittal letters or other correspondence to or received from the Commission or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering;

(d) use its reasonable best efforts to register or qualify all Registrable Securities covered by such registration statement under the securities or blue

sky laws of such jurisdictions as the Holders of such Registrable Securities or any underwriter to such Registrable Securities shall request, and use its reasonable best efforts to obtain all appropriate registrations, permits and consents in connection therewith, and do any and all other acts and things which may be necessary or advisable to enable the Holders of Registrable Securities or any such underwriter to consummate the disposition in such jurisdictions of its Registrable Securities covered by such registration statement; provided, that VMware shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any such jurisdiction wherein it is not so qualified or to consent to general service of process in any such jurisdiction;

(e) (i) use its reasonable best efforts to furnish to each Holder of Registrable Securities included in such registration (each, a "Selling Holder") and to any underwriter of such Registrable Securities an opinion of counsel for VMware addressed to each Selling Holder and dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the Effective Date of the registration statement) and (ii) use its reasonable best efforts to furnish to each Selling Holder a "cold comfort" letter addressed to each Selling Holder and signed by the independent public accountants who have audited the financial statements of VMware included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other matters as the Selling Holders may reasonably request and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements;

(f) as promptly as practicable, notify the Selling Holders in writing (i) at any time when a prospectus or, prior to such time as a final prospectus is available, an issuer free writing prospectus relating to a registration made pursuant to Section 4.1 or Section 4.2 contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading due to the occurrence of any event and (ii) of any request by the Commission or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and in either such case, at the request of the Selling Holders prepare and furnish to the Selling Holders a reasonable number of copies of a supplement to or an amendment of such prospectus or, prior to such time as a final prospectus is available, such issuer free writing prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

(g) if reasonably requested by the lead or managing underwriters, use its reasonable best efforts to list all such Registrable Securities covered by such registration on each securities exchange and automated inter-dealer quotation system on which a class of common equity securities of VMware is then listed;

(h) to the extent reasonably requested by the lead or managing underwriters, send appropriate officers of VMware to attend any "road shows" scheduled in connection with any such registration, with all out-of-pocket costs and expense incurred by VMware or such officers in connection with such attendance to be paid by VMware;

(i) furnish or cause to be furnished for delivery in connection with the closing of any offering of Registrable Securities pursuant to a registration effected pursuant to Section 4.1 or Section 4.2 unlegended certificates representing ownership of the Registrable Securities being sold in such denominations as shall be requested by the Selling Holders or the underwriters; and

(j) use its reasonable best efforts to take all other reasonable and customary steps typically taken by issuers to effect the registration and disposition of such Registrable Securities as contemplated hereby.

Section 4.7 Obligations of Selling Holders . Each Selling Holder agrees by having its securities treated as Registrable Securities hereunder that, upon receipt of written notice from VMware specifying that the prospectus relating to a registration made pursuant to Section 4.1 or Section 4.2 contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading due to the occurrence of any event, such Selling Holder will forthwith discontinue disposition of Registrable Securities until such Selling Holder is advised by VMware that the use of the prospectus may be resumed and is furnished with a supplemented or amended prospectus as contemplated by Section 4.6(f) hereof, and, if so directed by VMware, such Selling Holder will deliver to VMware all copies of the prospectus covering such Registrable Securities then in such Selling Holder's possession at the time of receipt of such notice.

Section 4.8 Underwriting; Due Diligence .

(a) If requested by the underwriters for any Underwritten Offering of Registrable Securities pursuant to a registration requested under this ARTICLE IV, VMware shall enter into an underwriting agreement in a form reasonably satisfactory to VMware with such underwriters for such offering, which agreement will contain such representations and warranties by VMware and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 4.9, and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 4.6(e). The Selling Holders on whose behalf the Registrable Securities are to be distributed by such underwriters shall be a party to any such underwriting agreement and the representations and warranties by, and the other

agreements on the part of, VMware to and for the benefit of such underwriters, shall also be made to and for the benefit of such Selling Holders. Such underwriting agreement shall also contain such representations and warranties by such Selling Holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 4.9.

(b) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this ARTICLE IV, VMware shall give the Holders of such Registrable Securities and the underwriters, if any, and their respective counsel and accountants, such reasonable and customary access to its books and records and such opportunities to discuss the business of VMware with its officers and the independent public accountants who have certified the financial statements of VMware as shall be necessary, in the opinion of such Holders and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act; provided, that such Holders and the underwriters and their respective counsel and accountants shall use their reasonable best efforts to coordinate any such investigation of the books and records of VMware and any such discussions with VMware's officers and accountants so that all such investigations occur at the same time and all such discussions occur at the same time.

Section 4.9 Indemnification and Contribution .

(a) In the case of each offering of Registrable Securities made pursuant to this ARTICLE IV, VMware agrees to indemnify and hold harmless, to the extent permitted by law, each Selling Holder, each underwriter of Registrable Securities so offered and each Person, if any, who controls any of the foregoing Persons within the meaning of the Securities Act and the officers, directors, affiliates, employees and agents of each of the foregoing, against any and all losses, liabilities, costs (including reasonable attorney's fees and disbursements), claims and damages, joint or several, to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, insofar as such losses, liabilities, costs, claims and damages (or actions or proceedings in respect thereof, whether or not such indemnified Person is a party thereto) arise out of or are based upon any untrue statement by VMware or alleged untrue statement by VMware of a material fact contained in the registration statement (or in any preliminary or final prospectus included therein or issuer free writing prospectus related thereto) or in any offering memorandum or other offering document relating to the offering and sale of such Registrable Securities prepared by VMware or at its direction, or any amendment thereof or supplement thereto, or in any document incorporated by reference therein, or any omission by VMware or alleged omission by VMware to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, that VMware shall not be liable to any Person in any such case to the extent that any such loss, liability, cost, claim or damage arises out of or relates to any untrue statement or alleged untrue statement, or any omission, if such statement or omission shall have been made in reliance upon and in conformity with information furnished to VMware in writing by or on behalf of such Selling Holder, any other holder of securities whose securities are

included in such registration statement or any such underwriter, as the case may be, specifically for use in the registration statement (or in any preliminary or final prospectus included therein or issuer free writing prospectus related thereto), offering memorandum or other offering document, or any amendment thereof or supplement thereto. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any Selling Holder or any other holder and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability that VMware may otherwise have to each Selling Holder, or other holder or underwriter of the Registrable Securities or any controlling person of the foregoing and the officers, directors, affiliates, employees and agents of each of the foregoing; provided, further, that, in the case of an offering with respect to which a Selling Holder has designated the lead or managing underwriters (or a Selling Holder is offering Registrable Securities directly, without an underwriter), this indemnity does not apply to any loss, liability, cost, claim or damage arising out of or relating to any untrue statement or alleged untrue statement or omission or alleged omission in any preliminary prospectus or offering memorandum if a copy of a final prospectus or offering memorandum was not sent or given by or on behalf of any underwriter (or such Selling Holder or other holder, as the case may be) to such Person asserting such loss, liability, cost, claim or damage at or prior to the written confirmation of the sale of the Registrable Securities as required by the Securities Act and such untrue statement or omission had been corrected in such final prospectus or offering memorandum.

(b) In the case of each offering made pursuant to this Agreement, each Selling Holder, by exercising its registration rights hereunder, agrees to indemnify and hold harmless, and to cause each underwriter of Registrable Securities included in such offering (in the same manner and to the same extent as set forth in Section 4.9(a)) to agree to indemnify and hold harmless to the extent permitted by law, VMware, each other underwriter who participates in such offering, each other Selling Holder or other holder with securities included in such offering and in the case of an underwriter, such Selling Holder or other holder, and each Person, if any, who controls any of the foregoing within the meaning of the Securities Act and the officers, directors, affiliates, employees and agents of each of the foregoing, against any and all losses, liabilities, costs (including reasonable attorneys' fees and disbursements), claims and damages, joint or several, to which they or any of them may become subject, under the Securities Act or otherwise, including any amount paid in settlement of any litigation commenced or threatened, insofar as such losses, liabilities, costs, claims and damages (or actions or proceedings in respect thereof, whether or not such indemnified Person is a party thereto) arise out of or are based upon any untrue statement or alleged untrue statement by such Selling Holder or underwriter, as the case may be, of a material fact contained in the registration statement (or in any preliminary or final prospectus included therein or issuer free writing prospectus related thereto) or in any offering memorandum or other offering document relating to the offering and sale of such Registrable Securities prepared by VMware or at its direction, or any amendment thereof or supplement thereto, or in any document incorporated by reference therein, or any omission by such Selling Holder or underwriter, as the case may be, or alleged omission by such Selling Holder or underwriter, as the case may be, to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that such

statement or omission shall have been made in reliance on or in conformity with information furnished to VMware in writing by or on behalf of such Selling Holder or underwriter, as the case may be, specifically for use in such registration statement (or in any preliminary or final prospectus included therein or issuer free writing prospectus related thereto), offering memorandum or other offering document or any amendment thereof or supplement thereto. The foregoing indemnity is in addition to any liability which such Selling Holder or underwriter, as the case may be, may otherwise have to VMware, or controlling persons and the officers, directors, affiliates, employees, and agents of each of the foregoing; provided, that, in the case of an offering made pursuant to this Agreement with respect to which VMware has designated the lead or managing underwriters (or VMware is offering securities directly, without an underwriter), this indemnity does not apply to any loss, liability, cost, claim, or damage arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission in any preliminary prospectus or offering memorandum if a copy of a final prospectus or offering memorandum was not sent or given by or on behalf of any underwriter (or VMware, as the case may be) to such Person asserting such loss, liability, cost, claim or damage at or prior to the written confirmation of the sale of the Registrable Securities as required by the Securities Act and such untrue statement or omission had been corrected in such final prospectus or offering memorandum.

(c) Each party indemnified under paragraph (a) or (b) above shall, promptly after receipt of notice of a claim or action against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the claim or action; provided, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party on account of the indemnity agreement contained in paragraph (a) or (b) above except to the extent that the indemnifying party was actually prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability that it may have to such indemnified party. If any such claim or action shall be brought against an indemnified party, and it shall have notified the indemnifying party thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified party and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 4.9 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation. Any indemnifying party against whom indemnity may be sought under this Section 4.9 shall not be liable to indemnify an indemnified party if such indemnified party settles such claim or action without the consent of the indemnifying party. The indemnifying party may not agree to any settlement of any such claim or action, other than solely for monetary damages for which the indemnifying party shall be responsible hereunder, the result of which any remedy or relief shall be applied to or against the indemnified party, without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld. In any action hereunder as to which the indemnifying party has

assumed the defense thereof with counsel satisfactory to the indemnified party, the indemnified party shall continue to be entitled to participate in the defense thereof, with counsel of its own choice, but the indemnifying party shall not be obligated hereunder to reimburse the indemnified party for the costs thereof.

(d) If the indemnification provided for in this Section 4.9 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any loss, liability, cost, claim or damage referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, cost, claim or damage (i) as between VMware and the Selling Holders on the one hand and the underwriters on the other, in such proportion as shall be appropriate to reflect the relative benefits received by VMware and the Selling Holders on the one hand and the underwriters on the other hand or, if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of VMware and the Selling Holders on the one hand and the underwriters on the other with respect to the statements or omissions which resulted in such loss, liability, cost, claim or damage as well as any other relevant equitable considerations and (ii) as between VMware on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of VMware and of each Selling Holder in connection with such statements or omissions as well as any other relevant equitable considerations. The relative benefits received by VMware and the Selling Holders on the one hand and the underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by VMware and the Selling Holders bear to the total underwriting discounts and commissions received by the underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of VMware and the Selling Holders on the one hand and of the underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by VMware and the Selling Holders or by the underwriters. The relative fault of VMware on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, but not by reference to any indemnified party's stock ownership in VMware. The amount paid or payable by an indemnified party as a result of the loss, cost, claim, damage or liability, or action in respect thereof, referred to above in this paragraph (d) shall be deemed to include, for purposes of this paragraph (d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. VMware and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.9 were determined by pro rata allocation (even if the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding any other provision of this Section 4.9, the obligation to indemnify or contribute shall be several, and not joint, among the Selling Holders who furnished or failed to furnish the information in a registration statement (or in any preliminary or final prospectus included therein or issuer free writing prospectus related thereto) or in any offering memorandum or other offering document relating to the offering and sale of Registrable Securities that resulted in any loss, liability, claim or damages. The liability of each such Selling Holder shall be limited to such Selling Holder's proportionate amount of the aggregate gross proceeds received by all such Selling Holders from the sale of such Registrable Securities and shall not in any event exceed the gross proceeds received by such Selling Holder from such sale.

(f) Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 4.9 (with appropriate modifications) shall be given by VMware, the Selling Holders and any underwriters with respect to any required registration or other qualification of securities under any state law or regulation or governmental authority.

(g) The obligations of the parties under this Section 4.9 shall be in addition to any liability which any party may otherwise have to any other party.

Section 4.10 Rule 144 and Form S-3 . VMware shall use its reasonable best efforts to ensure that the conditions to the availability of Rule 144 set forth in paragraph (c) thereof shall be satisfied. Upon the request of any Holder of Registrable Securities, VMware will deliver to such Holder a written statement as to whether it has complied with such requirements. VMware further agrees to use its reasonable best efforts to cause all conditions to the availability of Form S-3 (or any successor form) under the Securities Act for the filing of registration statements under this Agreement to be met as soon as reasonably practicable after the IPO Date.

Section 4.11 Holdback Agreement .

(a) If so requested by the Underwriters' Representative in connection with an offering of securities covered by a registration statement filed by VMware, whether or not Registrable Securities of the Holders are included therein, each Holder shall agree not to effect any sale or distribution of the Shares, including any sale under Rule 144, without the prior written consent of the Underwriters' Representative (otherwise than through the registered public offering then being made), within seven (7) days prior to or ninety (90) days (or such lesser period as the Underwriters' Representative may permit) after the Effective Date of the registration statement (or the commencement of the offering to the public of such Registrable Securities in the case of Rule 415 Offerings). The Holders shall not be subject to the restrictions set forth in this Section 4.11 for longer than an aggregate of ninety-seven (97) days during any 12-month period.

(b) If so requested by the Underwriters' Representative in connection with an offering of any Registrable Securities, VMware shall agree not to effect any sale or distribution of VMware Capital Stock, without the prior written consent of the Underwriters' Representative (otherwise than through the registered public offering then being made or in connection with any acquisition or business combination transaction and other than in connection with stock options and employee benefit plans and compensation), within seven (7) days prior to or ninety (90) days (or such lesser period as the Underwriters' Representative may permit) after the Effective Date of the registration statement (or the commencement of the offering to the public of such Registrable Securities in the case of Rule 415 Offerings) and shall use its reasonable best efforts to obtain and enforce similar agreements from any other Persons if requested by the Underwriters' Representative; provided that VMware or such Persons shall not be subject to the restrictions set forth in this Section 4.11 for longer than an aggregate of ninety-seven (97) days during any twelve (12) month period.

(c) Notwithstanding anything else in this Section 4.11 to the contrary, no Holder shall be precluded from distributing to any or all of its stockholders any or all of the Registrable Securities.

Section 4.12 Term . This ARTICLE IV shall remain in effect until all Registrable Securities held by Holders have been transferred by them to other Persons.

ARTICLE V
MUTUAL RELEASES; INDEMNIFICATION

Section 5.1 Release of Pre-IPO Date Claims .

(a) VMware Release . Except as provided in Section 5.1(c), as of the IPO Date, VMware does hereby, for itself and as agent for each member of the VMware Group, remise, release and forever discharge the EMC Indemnitees from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any past acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the IPO Date, including in connection with the transactions and all other activities to implement the IPO.

(b) EMC Release . Except as provided in Section 5.1(c), as of the IPO Date, EMC does hereby, for itself and as agent for each member of the EMC Group, remise, release and forever discharge the VMware Indemnitees from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any past acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the IPO Date, including in connection with the transactions and all other activities to implement the IPO.

(c) No Impairment . Nothing contained in Section 5.1(a) or Section 5.1(b) shall limit or otherwise affect any Party's rights or obligations pursuant to or contemplated by this Agreement or any Inter-Company Agreement, in each case in accordance with its terms, including, without limitation, any obligations relating to indemnification, including indemnification pursuant to Section 5.2 and Section 5.3 of this Agreement, and any Insurance Proceeds under any of EMC's Insurance Policies relating to the VMware Business which VMware is entitled to be paid.

(d) No Actions as to Released Pre-IPO Date Claims . VMware agrees, for itself and as agent for each member of the VMware Group, not to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against EMC or any member of the EMC Group, or any other Person released pursuant to Section 5.1(a), with respect to any Liabilities released pursuant to Section 5.1(a). EMC agrees, for itself and as agent for each member of the EMC Group, not to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against VMware or any member of the VMware Group, or any other Person released pursuant to Section 5.1(b), with respect to any Liabilities released pursuant to Section 5.1(b).

(e) Further Instruments . At any time, at the request of any other Party, each Party shall cause each member of its respective EMC Group or VMware Group, as applicable, to execute and deliver releases reflecting the provisions hereof.

Section 5.2 Indemnification by VMware . Except as otherwise provided in this Agreement, VMware shall, for itself and as agent for each member of the VMware Group, indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the EMC Indemnitees from and against, and shall reimburse such EMC Indemnitees with respect to, any and all Losses that any third party seeks to impose upon the EMC Indemnitees, or which are imposed upon the EMC Indemnitees, and that relate to, arise or result from, whether prior to or following the IPO Date, any of the following items (without duplication):

(a) any VMware Liability;

(b) any breach by VMware or any member of the VMware Group of this Agreement or any of the Inter-Company Agreements; and

(c) any Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information (i) contained in the IPO Registration Statement, any issuer free writing prospectus or any preliminary, final or supplemental prospectus forming a part of the IPO Registration Statement (other than information provided by EMC to VMware specifically for inclusion in the IPO Registration Statement, any issuer free writing prospectus or any preliminary, final or supplemental prospectus forming a part of the IPO Registration Statement), (ii) contained

in any public filings made by VMware with the Commission following the IPO Date and (iii) provided by VMware to EMC specifically for inclusion in EMC's annual or quarterly reports following the IPO Date to the extent (A) such information pertains to (x) VMware and the VMware Group or (y) the VMware Business or (B) EMC has provided prior written notice to VMware that such information will be included in one or more annual or quarterly reports, specifying how such information will be presented, and the information is included in such annual or quarterly reports, provided that this sub-clause (B) shall not apply to the extent that any such Liability arises out of or results from, or in connection with, any action or inaction of any member of the EMC Group, including as a result of any misstatement or omission of any information by any member of the EMC Group to VMware.

In the event that any member of the VMware Group makes a payment to the EMC Indemnitees hereunder, and any of the EMC Indemnitees subsequently diminishes the Liability on account of which such payment was made, either directly or through a third-party recovery (other than a recovery indirectly from EMC), EMC will promptly repay (or will procure EMC Indemnitee to promptly repay) such member of the VMware Group the amount by which the payment made by such member of the VMware Group exceeds the actual cost of the associated indemnified Liability.

Section 5.3 Indemnification by EMC . Except as otherwise provided in this Agreement, EMC shall, for itself and as agent for each member of the EMC Group, indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the VMware Indemnitees from and against, and shall reimburse such VMware Indemnitee with respect to, any and all Losses that any third party seeks to impose upon the VMware Indemnitees, or which are imposed upon the VMware Indemnitees, and that relate to, arise or result from, whether prior to or following the IPO Date, with any of the following items (without duplication):

(a) any Liability of the EMC Group and all Liabilities arising out of the operation or conduct of the EMC Business (in each case excluding the VMware Liabilities);

(b) any breach by EMC or any member of the EMC Group of this Agreement or any of the Inter-Company Agreements; and

(c) any Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information (i) contained in the IPO Registration Statement, any issuer free writing prospectus or any preliminary, final or supplemental prospectus forming a part of the IPO Registration Statement provided by EMC specifically for inclusion therein to the extent such information pertains to (x) EMC and the EMC Group or (y) the EMC Business and (ii) provided by EMC to VMware specifically for inclusion in VMware's annual or quarterly reports following the IPO Date to the extent (A) such information pertains to (x) EMC and the EMC Group or (y) the EMC Business or (B) VMware has provided prior written notice to EMC that such

information will be included in one or more annual or quarterly reports, specifying how such information will be presented, and the information is included in such annual or quarterly reports, provided that this sub-clause (B) shall not apply to the extent that any such Liability arises out of or results from, or in connection with, any action or inaction of any member of the VMware Group, including as a result of any misstatement or omission of any information by any member of the VMware Group to EMC.

In the event that any member of the EMC Group makes a payment to the VMware Indemnitees hereunder, and any of the VMware Indemnitees subsequently diminishes the Liability on account of which such payment was made, either directly or through a third-party recovery (other than a recovery indirectly from VMware), VMware will promptly repay (or will procure a VMware Indemnitee to promptly repay) such member of the EMC Group the amount by which the payment made by such member of the EMC Group exceeds the actual cost of the indemnified Liability.

Section 5.4 Ancillary Agreement Liabilities . Notwithstanding any other provision in this Agreement to the contrary, any Liability specifically assumed by, or allocated to, a Party in any of the Inter-Company Agreements shall be governed exclusively by the terms of such Inter-Company Agreement.

Section 5.5 Other Agreements Evidencing Indemnification Obligations . EMC hereby agrees to execute, for the benefit of any VMware Indemnitee, such documents as may be reasonably requested by such VMware Indemnitee, evidencing EMC's agreement that the indemnification obligations of EMC set forth in this Agreement inure to the benefit of and are enforceable by such VMware Indemnitee. VMware hereby agrees to execute, for the benefit of any EMC Indemnitee, such documents as may be reasonably requested by such EMC Indemnitee, evidencing VMware's agreement that the indemnification obligations of VMware set forth in this Agreement inure to the benefit of and are enforceable by such EMC Indemnitee.

Section 5.6 Reductions for Insurance Proceeds and other Recoveries .

(a) Insurance Proceeds . The amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnitee pursuant to Section 5.2 or Section 5.3, as applicable, shall be reduced (retroactively or prospectively) by any Insurance Proceeds or other amounts actually recovered from third parties by or on behalf of such Indemnitee in respect of the related Loss. The existence of a claim by an Indemnitee for monies from an insurer or against a third party in respect of any indemnifiable Loss shall not, however, delay any payment pursuant to the indemnification provisions contained herein and otherwise determined to be due and owing by an Indemnifying Party. Rather, the Indemnifying Party shall make payment in full of the amount determined to be due and owing by it against an assignment by the Indemnitee to the Indemnifying Party of the entire claim of the Indemnitee for Insurance Proceeds or against such third party. Notwithstanding any other provisions of this Agreement, it is the intention of the Parties that no insurer or any other third party shall be (i) entitled to a benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions, or (ii) relieved of the responsibility to pay any claims for which it is obligated. If an Indemnitee has received the payment required by

this Agreement from an Indemnifying Party in respect of any indemnifiable Loss and later receives Insurance Proceeds or other amounts in respect of such indemnifiable Loss, then such Indemnitee shall hold such Insurance Proceeds or other amounts in trust for the benefit of the Indemnifying Party (or Indemnifying Parties) and shall pay to the Indemnifying Party, as promptly as practicable after receipt, a sum equal to the amount of such Insurance Proceeds or other amounts received, up to the aggregate amount of any payments received from the Indemnifying Party pursuant to this Agreement in respect of such indemnifiable Loss (or, if there is more than one Indemnifying Party, the Indemnitee shall pay each Indemnifying Party, its proportionate share (based on payments received from the Indemnifying Parties) of such Insurance Proceeds).

(b) Tax Cost/Tax Benefit . The amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnitee pursuant to Section 5.2 or Section 5.3, as applicable, shall be (i) increased to take account of any net Tax cost incurred by the Indemnitee arising from the receipt or accrual of an indemnification payment hereunder (grossed up for such increase) and (ii) reduced to take account of any net Tax benefit realized by the Indemnitee arising from incurring or paying such loss or other liability. In computing the amount of any such Tax cost or Tax benefit, the Indemnitee shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt or accrual of any indemnification payment hereunder or incurring or paying any indemnified Loss. Any indemnification payment hereunder shall initially be made without regard to this Section 5.6(b) and shall be increased or reduced to reflect any such net Tax cost (including gross-up) or net Tax benefit only after the Indemnitee has actually realized such cost or benefit. For purposes of this Agreement, an Indemnitee shall be deemed to have "actually realized" a net Tax cost or a net Tax benefit to the extent that, and at such time as, the amount of Taxes payable by such Indemnitee is increased above or reduced below, as the case may be, the amount of Taxes that such Indemnitee would be required to pay but for the receipt or accrual of the indemnification payment or the incurrence or payment of such Loss, as the case may be. The amount of any increase or reduction hereunder shall be adjusted to reflect any Final Determination with respect to the Indemnitee's liability for Taxes, and payments between such indemnified parties to reflect such adjustment shall be made if necessary. Notwithstanding any other provision of this Agreement, to the extent permitted by applicable law, the Parties hereto agree that any indemnity payment made hereunder shall be treated as a capital contribution or dividend distribution, as the case may be, immediately prior to the IPO Date and, accordingly, not includible in the taxable income of the recipient or deductible by the payor.

Section 5.7 Procedures for Defense, Settlement and Indemnification of the Third Party Claims .

(a) Notice of Claims . If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the EMC Group or the VMware Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification, EMC and VMware (as applicable) will ensure that such Indemnitee shall give such Indemnifying Party written notice thereof within thirty (30) days after becoming aware of such Third Party Claim. Any such notice shall describe the

Third Party Claim in reasonable detail. Notwithstanding the foregoing, the delay or failure of any Indemnitee or other Person to give notice as provided in this Section 5.7(a) shall not relieve the related Indemnifying Party of its obligations under this ARTICLE V, except to the extent that such Indemnifying Party is actually and substantially prejudiced by such delay or failure to give notice.

(b) Defense by Indemnifying Party . An Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and, to the extent that it wishes, at its cost, risk and expense, to assume the defense thereof, with counsel reasonably satisfactory to the party seeking indemnification. After timely notice from the Indemnifying Party to the Indemnitee of such election to so assume the defense thereof, the Indemnifying Party shall not be liable to the party seeking indemnification for any legal expenses of other counsel or any other expenses subsequently incurred by Indemnitee in connection with the defense thereof. The Indemnitee agrees to cooperate in all reasonable respects with the Indemnifying Party and its counsel in the defense against any Third Party Claim. The Indemnifying Party shall be entitled to compromise or settle any Third Party Claim as to which it is providing indemnification, which compromise or settlement shall be made only with the written consent of the Indemnitee, such consent not to be unreasonably withheld.

(c) Defense by Indemnitee . If an Indemnifying Party fails to assume the defense of a Third Party Claim within thirty (30) calendar days after receipt of notice of such claim, Indemnitee will, upon delivering notice to such effect to the Indemnifying Party, have the right to undertake the defense, compromise or settlement of such Third Party Claim on behalf of and for the account of the Indemnifying Party subject to the limitations as set forth in this Section 5.7; provided , however , that such Third Party Claim shall not be compromised or settled without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. If the Indemnitee assumes the defense of any Third Party Claim, it shall keep the Indemnifying Party reasonably informed of the progress of any such defense, compromise or settlement. The Indemnifying Party shall reimburse all such costs and expenses of the Indemnitee in the event it is ultimately determined that the Indemnifying Party is obligated to indemnify the Indemnitee with respect to such Third Party Claim. In no event shall an Indemnifying Party be liable for any settlement effected without its consent, which consent will not be unreasonably withheld.

Section 5.8 Additional Matters .

(a) Cooperation in Defense and Settlement . With respect to any Third Party Claim that implicates both VMware and EMC in a material fashion due to the allocation of Liabilities, responsibilities for management of defense and related indemnities set forth in this Agreement or any of the Inter-Company Agreements, the Parties agree to cooperate fully and maintain a joint defense (in a manner that will preserve the attorney-client privilege, joint defense or other privilege with respect thereto) so as to minimize such Liabilities and defense costs associated therewith. The Party that is not responsible for managing the defense of such Third Party Claims shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may, if necessary or helpful, associate counsel to assist in the defense of such claims.

(b) Pre-IPO Date Actions . Except with respect to matters pertaining solely to, or solely in connection with, the VMware Business, EMC may, in its sole discretion, have exclusive authority and control over the investigation, prosecution, defense and appeal of all Actions pending at the IPO Date relating to or arising in connection with, in any manner, the VMware assets or the VMware Liabilities if EMC or a member of the EMC Group is named as a party thereto; provided , however , that EMC must obtain the written consent of VMware, such consent not to be unreasonably withheld, to settle or compromise or consent to the entry of judgment with respect to such Action. After any such compromise, settlement, consent to entry of judgment or entry of judgment, EMC shall reasonably and fairly allocate to VMware and VMware shall be responsible for VMware's proportionate share of any such compromise, settlement, consent or judgment attributable to the VMware Business, the VMware assets or the VMware Liabilities, including its proportionate share of the costs and expenses associated with defending same.

(c) Substitution . In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or the Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the rights and obligations of the Parties regarding indemnification and the management of the defense of claims as set forth in this ARTICLE V shall not be altered.

(d) Subrogation . In the event of payment by or on behalf of any Indemnifying Party to or on behalf of any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee, in whole or in part based upon whether the Indemnifying Party has paid all or only part of the Indemnitee's Liability, as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

Section 5.9 Survival of Indemnities . Subject to Section 5.5, the rights and obligations of the members of the EMC Group and the VMware Group under this ARTICLE V shall survive the sale or other transfer by any Party of any assets or businesses or the assignment by it of any Liabilities or the sale by any member of the EMC Group or the VMware Group of the capital stock or other equity interests of any Subsidiary to any Person.

ARTICLE VI
OPTION

Section 6.1 Option .

(a) Subject to the provisions of subsection (b) of this Section 6.1, VMware hereby grants to EMC, on the terms and conditions set forth herein, a continuing right (the "Option") to purchase from VMware, at the times set forth herein, such number of shares of Class A common stock for EMC to maintain the Class A Ownership Percentage and such number of shares of Class B common stock as is necessary for EMC to maintain the Class B Ownership Percentage. The Option shall be assignable, in whole or in part and from time to time, by EMC to any member of the EMC Group.

(i) The exercise price for each share of Class A common stock purchased pursuant to an exercise of the Option shall be:

(A) in the event of the issuance by VMware of Class A common stock in exchange for cash consideration, the per share price paid to VMware for shares of the Class A common stock issued by VMware in the related Issuance Event (as defined in Section 6.2); or

(B) in the event of: (1) the issuance by VMware of Class A common stock pursuant to any stock option or other executive or employee benefit or compensation plan maintained by VMware or (2) the issuance by VMware of Class A common stock for consideration other than cash, the Fair Market Value per share of Class A common stock on the Issuance Event Date (as defined in Section 6.2); and

(ii) The exercise price for each share of Class B common stock purchased pursuant to an exercise of the Option shall be the Fair Market Value per share of Class B common stock on the Issuance Event Date.

For the purposes of this Section 6.1, "Fair Market Value" of a share of (x) Class A common stock shall mean the closing price per share of Class A common stock as quoted on the NYSE on the date for which a determination is being made and (y) Class B common stock shall be the fair market value per share of Class B common stock as determined in good faith by VMware's board of directors.

(b) The provisions of Section 6.1(a) hereof notwithstanding, the Option granted pursuant to Section 6.1(a) shall not apply and shall not be exercisable in connection with the issuance by VMware of any shares of Common Stock (i) in connection with the IPO, including the full exercise of all underwriters' over-allotment options granted in connection therewith, or (ii) pursuant to any stock option or other executive or employee benefit or compensation plan maintained by VMware except where the issuance of such Common Stock pursuant to this clause (ii) would cause the Ownership Percentage to fall below eighty and one-tenth percent (80.1%).

Section 6.2 Notice . At least 20 business days prior to the issuance of any shares of Common Stock (other than as provided in Section 6.1(b) and other than issuances of Common Stock to any member of the EMC Group) or the first date on which any event could occur that, in the absence of a full or partial exercise of the Option, would result in a reduction in the Class A Ownership Percentage or the Class B

Ownership Percentage, VMware will notify EMC in writing (an "Option Notice") of its plans to issue any such shares or the date on which such event could first occur. Each Option Notice must specify the date on which VMware intends to issue such additional shares of Common Stock or on which such event could first occur (such issuance or event being referred to herein as an "Issuance Event" and the date of such issuance or event as an "Issuance Event Date"), the number of shares VMware intends to issue or may issue and the other terms and conditions of such Issuance Event.

Section 6.3 Option Exercise and Payment . The Option may be exercised by EMC (or any member of the EMC Group to which all or any part of the Option has been assigned) in connection with an Issuance Event (i) for a number of shares of Class A common stock equal to or less than the number of shares that are necessary for the EMC Group to maintain, in the aggregate, the then-current Class A Ownership Percentage and (ii) for a number of shares of Class B common stock equal to or less than the number of shares that are necessary for the EMC Group to maintain, in the aggregate, the then-current Class B Ownership Percentage. The Option may be exercised at any time after receipt of an applicable Option Notice and up to 3 business days prior to the applicable Issuance Event Date by the delivery to VMware of a written notice to such effect specifying (x) the number of shares of Class A common stock and the number of shares of Class B common stock to be purchased by EMC or any member of the EMC Group and (y) a determination of the exercise price for such shares. In the event of any such exercise of the Option, VMware will, on the applicable Issuance Event Date and simultaneously with the issuance of shares of Common Stock in the related Issuance Event, deliver to EMC (or any member of the EMC Group designated by EMC), against payment therefor, certificates (issued in the name of EMC or its permitted assignee hereunder) representing the shares of Class A common stock or Class B common stock being purchased upon such exercise. Payment for such shares shall be made by wire transfer or intrabank transfer of immediately-available funds to such account as shall be specified by VMware for the full purchase price for such shares.

Section 6.4 Effect of Failure to Exercise . Except as provided in Section 6.5, any failure by EMC to exercise the Option, or any exercise for less than all shares purchasable under the Option, in connection with any particular Issuance Event shall not affect EMC's right to exercise the Option in connection with any subsequent Issuance Event, provided, however, that following such Issuance Event in connection with which EMC so failed to exercise such Option in full or in part, the Class A Ownership Percentage and the Class B Ownership Percentage shall be recalculated.

Section 6.5 Termination of Option . The Option, or any part thereof assigned to a member of the EMC Group other than EMC, shall terminate upon the earlier of (i) the Distribution Date, (ii) the first date that members of the EMC Group beneficially own shares of Common Stock representing less than eighty percent (80%) of the aggregate number of votes entitled to be cast by the holders of the Common Stock at an annual or special meeting of stockholders on matters other than the election of directors and (iii) in the event that the Option has been transferred, on such date that the Person to whom the Option, or such part thereof, has been transferred, ceases to be a member of the EMC Group.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Consent of EMC . Any consent of EMC pursuant to this Agreement or any of the Inter-Company Agreements, including but not limited to the consents referred to in Section 3.19, shall not be effective unless it is in writing and evidenced by the signature of the General Counsel of EMC (or such other person that the General Counsel has specifically authorized in writing to give such consent).

Section 7.2 Limitation of Liability . IN NO EVENT SHALL ANY MEMBER OF THE EMC GROUP OR VMWARE GROUP BE LIABLE TO ANY OTHER MEMBER OF THE EMC GROUP OR VMWARE GROUP FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED , HOWEVER , THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EACH PARTY'S INDEMNIFICATION OBLIGATIONS FOR LIABILITIES AS SET FORTH IN THIS AGREEMENT OR IN ANY INTER-COMPANY AGREEMENT.

Section 7.3 Entire Agreement . This Agreement, the Inter-Company Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof and thereof.

Section 7.4 Governing Law and Jurisdiction . This Agreement, including the validity hereof and the rights and obligations of the Parties hereunder, shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed entirely in such Commonwealth (without giving effect to the conflicts of laws provisions thereof).

Section 7.5 Termination; Amendment . This Agreement and all Inter-Company Agreements may be terminated or amended by and in the sole discretion of EMC, without the approval of VMware, at any time prior to the IPO. This Agreement and any applicable Inter-Company Agreements may be terminated or amended at any time after such date and before the Distribution Date by mutual consent of EMC and VMware, evidenced by an instrument in writing signed on behalf of each of the Parties. In the event of termination pursuant to this Section 7.5, no Party shall have any liability of any kind to the other Party. Except as otherwise provided herein or required by the provisions hereof, this Agreement shall terminate on the date that is 5

years after the first date upon which the members of the EMC Group cease to own at least twenty percent (20%) of the then outstanding number of shares of Common Stock; provided, however, that the provisions of Section 3.7 of Article III shall survive for a period of seven (7) years after the termination of this Agreement and the provisions of Section 3.5 of Article III, Article V, Article VII and Article VIII shall survive indefinitely after the termination of this Agreement.

Section 7.6 Notices . Notices, offers, requests or other communications required or permitted to be given by either party pursuant to the terms of this Agreement shall be given in writing to the respective Parties to the following addresses:

if to EMC:

EMC Corporation
176 South Street
Hopkinton, MA 01748

Attention: Office of the General Counsel
Facsimile: (508) 497-6915

if to VMware:

VMware, Inc.
3401 Hillview Avenue
Palo Alto, CA 94304

Attention: Legal Department
Fax: (650) 475-5101

or to such other address or facsimile number as the party to whom notice is given may have previously furnished to the other in writing as provided herein. Any notice involving non-performance, termination, or renewal shall be sent by hand delivery, recognized overnight courier or, within the United States, may also be sent via certified mail, return receipt requested. All other notices may also be sent by facsimile, confirmed by first class mail. All notices shall be deemed to have been given when received, if hand delivered; when transmitted, if transmitted by facsimile or similar electronic transmission method; one working day after it is sent, if sent by recognized overnight courier; and three days after it is postmarked, if mailed first class mail or certified mail, return receipt requested, with postage prepaid.

Section 7.7 Counterparts . This Agreement, including the Inter-Company Agreements and the Exhibits and Schedules hereto and thereto and the other documents referred to herein or therein, may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 7.8 Binding Effect; Assignment . This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. This Agreement may be enforced separately by each member of the EMC Group and each member of the VMware Group. Neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided , however , either party may assign this Agreement to a successor entity in conjunction with such party's reincorporation in another jurisdiction or into another business form.

Section 7.9 Severability . If any term or other provision of this Agreement or the Exhibits or Schedules attached hereto is determined by a court, administrative agency or arbitrator to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 7.10 Failure or Indulgence not Waiver; Remedies Cumulative . No failure or delay on the part of either party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement or the Exhibits or Schedules attached hereto are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 7.11 Authority . Each of the Parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 7.12 Interpretation . The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning assigned to such term in this

Agreement. When a reference is made in this Agreement to an Article or a Section, Exhibit or Schedule, such reference shall be to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

Section 7.13 Conflicting Agreements . None of the provisions of this Agreement are intended to supersede any provision in any Inter-Company Agreement or any other agreement with respect to the respective subject matters thereof. In the event of conflict between this Agreement and any Inter-Company Agreement or other agreement executed in connection herewith, the provisions of such other agreement shall prevail.

Section 7.14 Third Party Beneficiaries . None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any Person. No such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any Liability (or otherwise) against either Party hereto.

ARTICLE VIII
DEFINITIONS

Section 8.1 Defined Terms . The following capitalized terms shall have the meanings given to them in this Section 8.1:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international governmental authority or any arbitration or mediation tribunal, other than any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation relating to Taxes.

"Administrative Services Agreement" shall have the meaning set forth in Section 1.1(b) of this Agreement.

"Affiliated Company" of any Person means any entity that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

"Agreement" shall mean this Master Transaction Agreement, together with the Schedules and Exhibits hereto, as the same may be amended from time to time in accordance with the provisions hereof.

"Blackout Period" shall have the meaning set forth in Section 4.4 of this Agreement.

"Change of Control" shall have the meaning set forth in Section 3.9(b) of this Agreement.

"Class A Applicable Stock" means at any time the (i) shares of Class A common stock owned by the EMC Group that are owned on the IPO Date, plus (ii) shares of Class A common stock purchased by the EMC Group pursuant to Article VI of this Agreement, plus (iii) shares of Class A common stock that were issued to the EMC Group in respect of shares described in either clause (i) or clause (ii) in any reclassification, share combination, share subdivision, share dividend, share exchange, merger, consolidation or similar transaction or event.

"Class B Applicable Stock" means at any time the (i) shares of Class B common stock owned by the EMC Group that are owned on the IPO Date, plus (ii) shares of Class B common stock purchased by the EMC Group pursuant to Article VI of this Agreement, plus (iii) shares of Class B common stock that were issued to the EMC Group in respect of shares described in either clause (i) or clause (ii) in any reclassification, share combination, share subdivision, share dividend, share exchange, merger, consolidation or similar transaction or event.

"Class A common stock" shall mean the Class A common stock, par value $0.01 per share, of VMware.

"Class B common stock" shall mean the Class B common stock, par value $0.01 per share, of VMware.

"Class A Ownership Percentage" means, at any time, the fraction, expressed as a percentage and rounded to the nearest thousandth of a percent, whose numerator is the number of shares of the Class A Applicable Stock and whose denominator is the aggregate number of outstanding shares of Class A common stock and Class B common stock of VMware; provided, however, that any shares of Common Stock issued by VMware in violation of its obligations under Article VI of this Agreement shall not be deemed outstanding for the purpose of determining the Class A Ownership Percentage.

"Class B Ownership Percentage" means, at any time, the fraction, expressed as a percentage and rounded to the nearest thousandth of a percent, whose numerator is the number of shares of the Class B Applicable Stock and whose denominator is the aggregate number of outstanding shares of Class A common stock and Class B common stock of VMware; provided, however, that any shares of Common Stock issued by VMware in violation of its obligations under Article VI of this Agreement shall not be deemed outstanding for the purpose of determining the Class B Ownership Percentage.

"Code" means the Internal Revenue Code of 1986 (or any successor statute), as amended from time to time, and the regulations promulgated thereunder.

"Commission" shall have the meaning set forth in the preamble of this Agreement.

"Common Stock" means the Class A common stock and Class B common stock of VMware.

"Company Notice" shall have the meaning set forth in Section 4.2(a) of this Agreement.

"Company Securities" shall have the meaning set forth in Section 4.2(b) of this Agreement.

"Confidential Business Information" shall have the meaning set forth in Section 3.5(b)(iii) of this Agreement.

"Confidential Information" shall have the meaning set forth in Section 3.5(b)(i) of this Agreement.

"Confidential Technical Information" shall have the meaning set forth in Section 3.5(b)(ii) of this Agreement.

"Continuously Effective" with respect to a specified registration statement, means that such registration statement shall not cease to be effective and available for transfers of Registrable Securities in accordance with the method of distribution set forth therein for longer than five (5) business days during the period specified in the relevant provision of this Agreement.

"Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

"Demand Registration" shall have the meaning set forth in Section 4.1(a) of this Agreement.

"Demand Registration Statement" shall have the meaning set forth in Section 4.1(a) of this Agreement.

"Dispute" has the meaning set forth in Section 3.11(a) of this Agreement.

"Dispute Resolution Commencement Date" has the meaning set forth in Section 3.11(a) of this Agreement.

"Distribution" means a distribution by EMC of Common Stock (and preferred stock, if any,) of VMware or common stock (and preferred stock, if any) of a Person that is a successor to VMware, which distribution is to holders of common stock of EMC and is intended to qualify as a tax-free distribution under Section 355 of the Internal Revenue Code of 1986, as amended, or any successor thereto.

"Distribution Date" means the date on which a Distribution occurs.

"Effective Date" means the date registration statement filed pursuant to ARTICLE IV hereof is declared effective by the Commission.

"EMC" shall have the meaning set forth in the preamble to this Agreement.

"EMC's Auditors" shall have the meaning set forth in Section 3.4 (a)(i) of this Agreement.

"EMC Business" means any business that is then conducted by EMC and described in its periodic filings with the Commission, other than the VMware Business.

"EMC Group" means the affiliated group (within the meaning of Section 1504(a) of the Code), or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which EMC is the common parent corporation, and any corporation or other entity which may be, may have been or may become a member of such group from time to time, but excluding any member of the VMware Group.

"EMC Indemnitees" means EMC, each member of the EMC Group and each of their respective directors, officers and employees.

"EMC Securities" shall have the meaning set forth in Section 4.2(b) of this Agreement.

"Employee Benefits Agreement" shall have the meaning set forth in Section 1.1(e) of this Agreement.

"Exchange Act" shall have the meaning set forth in Section 2.1(a) of this Agreement.

"Fair Market Value" shall have the meaning set forth in Section 6.1(a) of this Agreement.

"Final Determination" has the meaning set forth in the Tax Sharing Agreement.

"Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Holders" shall mean, collectively, EMC and its Affiliated Companies (other than VMware) who from time to time own Registrable Securities, each of such entities separately is sometimes referred to herein as a "Holder."

"Indebtedness" means, with respect to any Person, any liability of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments and shall also include (a) any liability of such Person under any agreement related to the fixing of interest rates on any Indebtedness and (b) any capitalized lease obligations of such Person (if and to the extent the same would appear on a balance sheet of such Person prepared in accordance with United States generally accepted accounting principles).

"Indemnifying Party" means any party which may be obligated to provide indemnification to an Indemnitee pursuant to Section 5.2 or Section 5.3 hereof or any other section of this Agreement or any Inter-Company Agreement.

"Indemnitee" means any party which may be entitled to indemnification from an Indemnifying Party pursuant to Section 5.2 or Section 5.3 hereof or any other section of this Agreement or any Inter-Company Agreement.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Insurance Matters Agreement" shall have the meaning set forth in Section 1.1(f) of this Agreement.

"Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

"Insurance Proceeds" means those monies: (a) received by an insured from an insurance carrier; or (b) paid by an insurance carrier on behalf of the insured; or (c) from Insurance Policies.

"Insurance Transition Period" shall mean the period beginning on the IPO Date and ending on the Distribution Date.

"Intellectual Property Agreement" shall have the meaning set forth in Section 1.1(c) of this Agreement.

"Inter-Company Agreements" shall mean the Employee Benefits Agreement, the Insurance Matters Agreement, the Intellectual Property Agreement, the Real Estate Agreement, the Administrative Services Agreement and the Tax Sharing Agreement.

"IPO" shall have the meaning set forth in the preamble of this Agreement.

"IPO Date" shall have the meaning set forth Section 1.1 of this Agreement.

"IPO Conditions" shall have the meaning set forth in Section 2.3 of this Agreement.

"IPO Registration Statement" shall have the meaning set forth in the preamble of this Agreement.

"Issuance Event" has the meaning set forth in Section 6.2.

"Issuance Event Date" has the meaning set forth in Section 6.2.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Loss" and "Losses" mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including, without limitation, the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), including direct and consequential damages, but excluding punitive damages (other than punitive damages awarded to any third party against an indemnified party).

"Maximum Number" when used in connection with an Underwritten Offering, shall mean the maximum number of shares of VMware Capital Stock (or amount of other Registrable Securities) that the Underwriters' Representative has informed VMware may be included as part of such offering without materially and adversely affecting the success or pricing of such offering.

"NYSE" shall have the meaning set forth in Section 2.1(c) of this Agreement.

"Option" has the meaning set forth in Section 6.1(a).

"Option Notice" has the set forth in Section 6.2.

"Other Holders" shall have the meaning set forth in Section 4.2(c) of this Agreement.

"Other Securities" shall have the meaning set forth in Section 4.2(a) of this Agreement.

"Ownership Percentage" means, at any time, the fraction, expressed as a percentage and rounded to the nearest thousandth of a percent, whose numerator is the number of shares equal to the sum of the Class A Applicable Stock and the Class B Applicable Stock and whose denominator is the aggregate number of outstanding shares of Class A common stock and Class B common stock of VMware; provided, however, that any shares of Common Stock issued by VMware in violation of its obligations under Article VI of this Agreement shall not be deemed outstanding for the purpose of determining the Ownership Percentage.

"Party" or "Parties" shall have the meaning set forth in the preamble of this Agreement.

"Permitted Acquisition" means any acquisition by VMware or any of its Subsidiaries of Stock, Stock Equivalents or assets of any Person not requiring the prior affirmative vote of the holders of the Class B common stock pursuant to Section 3.12(a)(iii).

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

"Pre-Distribution Period" shall have the meaning set forth in Section 3.3(a) of this Agreement.

"Privileges" shall have the meaning set forth in Section 3.6(a) of this Agreement.

"Privileged Information" shall have the meaning set forth in Section 3.6(a) of this Agreement.

"Real Estate Agreement" shall have the meaning set forth in Section 1.1(d) of this Agreement.

"Registrable Securities" means (i) the Class A common stock and the Class B common stock held by EMC immediately following the IPO Date (the "Shares"), (ii) any other securities issued or distributed to EMC in respect of the Class A common stock or Class B common stock by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise, (iii) any Class A common stock or other securities received by EMC into which or for which Class B common stock are converted or exchanged or are convertible or exchangeable, (iv) any other Class A common stock or Class B common stock acquired by EMC prior to the Distribution Date, and (v) any other successor securities received by EMC in respect of any of the forgoing (i) through (iv); provided that in the event that any Registrable Securities (as defined without giving effect to this proviso) are being registered pursuant hereto, the Holder may include in such registration (subject to the limitations of this Agreement otherwise applicable to the inclusion of Registrable Securities) any Class A common stock or Class B common stock or securities acquired in respect thereof thereafter acquired by such Holder, which shall also be deemed to be "Shares" and accordingly Registrable Securities, for purposes of such registration. As to any particular Registrable Securities, such Registrable Securities shall cease to be Registrable Securities when (w) a registration statement with respect to the sale by EMC shall have been declared effective under the Securities Act and such Shares shall have been disposed of in accordance with such registration statement, (x) they shall have been distributed to the public in accordance with Rule 144 or they may be sold or transferred by the Holder thereof without restriction pursuant to Rule 144(k), (y) they shall have been otherwise transferred by EMC to an entity or Person that is not an Affiliated

Company of EMC, new certificates for them not bearing a legend restricting further transfer shall have been delivered by VMware and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any state securities or blue sky law then in effect or (z) they shall have ceased to be outstanding.

"Registration Expenses" means any and all out-of-pocket expenses incident to performance of or compliance with ARTICLE IV of this Agreement, including, without limitation, (i) all Commission registration and filing fees, (ii) all fees and expenses of complying with securities or blue sky laws (including fees and disbursements of counsel for any underwriters in connection with blue sky qualifications of the Registrable Securities) or relating to the National Association of Securities Dealers, Inc., (iii) all printing, messenger and delivery expenses, (iv) all fees and expenses incurred in connection with listing (or authorizing for quotation) the Registrable Securities on a securities exchange or automated inter-dealer quotation system pursuant to the requirements hereof, (v) the fees and disbursements of counsel for VMware and of its independent public accountants, (vi) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to any Holders, underwriters and dealers and all expenses incidental to delivery of the Registrable Securities, (vii) the reasonable fees and disbursements of one firm of counsel, other than VMware's counsel, selected by the Holders of Registrable Securities being registered, (viii) any fees and disbursements of underwriters customarily paid by the issuers or sellers of securities, and the reasonable fees and expenses of any special experts retained in connection with the requested registration, but excluding underwriting discounts and commissions and transfer taxes, if any, and (ix) the expenses incurred in connection with making "road show" presentations and holding meetings with potential investors to facilitate the distribution and sale of Registrable Securities.

"Remaining EMC Awards" shall have the meaning set forth in Section 3.9(b) of this Agreement.

"Request" shall have the meaning set forth in Section 4.1(a) of this Agreement.

"Rule 10A-3(b)(2)" means Rule 10A-3(b)(2) (or any successor rule to similar effect) promulgated under the Exchange Act.

"Rule 144" means Rule 144 (or any successor rule to similar effect) promulgated under the Securities Act.

"Rule 415 Offering" means an offering on a delayed or continuous basis pursuant to Rule 415 (or any successor rule to similar effect) promulgated under the Securities Act.

"Rules of Engagement" shall have the meaning set forth in Section 3.16 of this Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Selling Holder" shall have the meaning set forth in Section 4.6(e) of this Agreement.

"Shares" shall have the meaning set forth in the definition of Registrable Securities.

"Stock" means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or business trust, whether voting or non-voting.

"Stock Equivalents" means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable, and all voting debt.

"Subsidiary" of any Person means a corporation, limited liability company, joint venture, partnership, trust, association or other entity in which such Person: (1) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such entity, (B) the total combined equity interests, or (C) the capital or profits interest, in the case of a partnership; or (2) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax" and "Taxes" have the meaning set forth in the Tax Sharing Agreement.

"Tax Sharing Agreement" shall have the meaning set forth in Section 1.1(a) of this Agreement.

"Third Party Claim" has the meaning set forth in Section 5.7(a) of this Agreement.

"Underwritten Offering" shall mean a registration in which securities of VMware are sold to one or more underwriters for reoffering to the public.

"Underwriters" shall have the meaning set forth in Section 2.1(a) of this Agreement.

"Underwriting Agreement" shall have the meaning set forth in Section 2.1(a) of this Agreement.

"Underwriters' Representative" when used in connection with an Underwritten Offering, shall mean the managing underwriter of such offering, or, in the case of a co-managed underwriting, the managing underwriters designated as the Underwriters' Representative by the co-managers.

"VMware" shall have the meaning set forth in the preamble to this Agreement.

"VMware Affiliate" means any corporation or other entity directly or indirectly controlled by VMware.

"VMware's Auditors" shall have the meaning set forth in Section 3.4(a) of this Agreement.

"VMware Balance Sheet" shall mean VMware's unaudited consolidated balance sheet for the most recently completed fiscal quarter as of the IPO Date.

"VMware Business" means the business of virtual infrastructure technology presently conducted by VMware, as more completely described in the IPO Registration Statement, or following the IPO Date, such business that is then conducted by VMware and described in its periodic filings with the Commission.

"VMware Capital Stock" means all classes or series of capital stock of VMware.

"VMware Group" means the affiliated group (within the meaning of Section 1504(a) of the Code), or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which VMware will be the common parent corporation immediately after the Distribution, and any corporation or other entity which may become a member of such group from time to time.

"VMware Indemnitees" means VMware, each member of the VMware Group and each of their respective directors, officers and employees.

"VMware Liabilities" shall mean (without duplication) the following Liabilities:

(i) all Liabilities reflected in the VMware Balance Sheet;

(ii) all Liabilities of EMC or its Subsidiaries that arise after the date of the VMware Balance Sheet that would be reflected in a VMware balance sheet as of the date of such Liabilities, if such balance sheet was prepared using the same principles and accounting policies under which the VMware Balance Sheet was prepared;

(iii) all Liabilities that should have been reflected in the VMware Balance Sheet but are not reflected in the VMware Balance Sheet due to mistake or unintentional omission;

(iv) all Liabilities (other than Liabilities for Taxes, which are governed by the Tax Sharing Agreement), whether arising before, on or after the IPO Date, that relate to, arise or result from:

(A) the operation of the VMware Business as conducted at any time prior to, on or after the IPO Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(B) the operation of any business conducted by any member of the VMware Group at any time after the IPO Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(v) all Liabilities that are expressly contemplated by this Agreement, or any other Inter-Company Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by VMware or any member of the VMware Group; and

(vi) Liabilities of any member of the VMware Group under this Agreement or any of the Inter-Company Agreements.

After the IPO Date, EMC and VMware may receive invoices evidencing liabilities jointly incurred by or on behalf of both of them or their respective Affiliates. Accordingly, each of EMC and VMware agrees that such joint liabilities shall be divided among EMC, VMware and their respective Affiliates consistent with past practice and "VMware Liabilities" shall include the portion so allocated to VMware.

"Wholly-Owned Subsidiary" means each Subsidiary in which VMware owns (directly or indirectly) all of the outstanding voting Stock, voting power, partnership interests or similar ownership interests, except for director's qualifying shares in nominal amount.

WHEREFORE, the Parties have signed this Master Transaction Agreement effective as of the date first set forth above.

EMC CORPORATION

Name:
Title:

VMWARE, INC.

Name:
Title:

EXHIBIT A

Rules of Engagement with Storage, Server and Infrastructure Software Vendors

Authored By VMware
January 12, 2004

VMware will continue to engage with our server and storage partners in a consistent and ethical manner. We acknowledge that since we run on all standard Intel hardware, we will often be in a situation where multiple server and storage vendors are involved in any given sales opportunity. In all sales situations, the customer is the primary decision maker determining with which partner we co-sell. In all sales situations, we will adhere to the following guidelines to the best of our ability:

1. If a partner brings VMware into a deal, we will only co-sell in front of the customer with that partner. If a competing partner needs technical assistance behind the scenes, we are obligated to help. We will not attempt to influence the customer to engage with a competing vendor. We will only begin co-selling in front of the customer with a competing hardware partner if requested by the customer.

2. If VMware finds a sales opportunity, we may bring a partner into the opportunity to progress the sale. We will determine which partner to contact based primarily on the customers request.

3. VMware maintains a list of certified and supported hardware and storage configurations. We will share this list with partners and customers and will only sell our products into these certified and supported environments. We will work closely with our server and storage partners to expand these certification lists as new products are released and establish a quarterly review of these lists so as to stay on top of our partner's requirements.

4. VMware will compensate its sales force in a vendor neutral manner. In other words, VMware's sales force will be compensated the same regardless of the server or storage platform on which our products are installed.

5. We will attempt to resolve any potential sales conflict through prompt and open communication with our server and storage partners. We believe that the majority of these cases can be resolved in the field between proper levels of sales management. We will work hard to establish these lines of communication.

Exhibit 10.2

FORM OF

ADMINISTRATIVE SERVICES AGREEMENT

dated as of [ ], 2007

between

EMC CORPORATION

and

VMWARE, INC.

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SCHEDULES

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ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement is dated as of [ ], 2007 by and between VMware, Inc., a Delaware corporation ("VMware"), and EMC Corporation, a Massachusetts corporation ("EMC"). VMware and EMC are sometimes referred to herein separately as a "Party" and together as the "Parties". Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Article I hereof.

RECITALS

WHEREAS , EMC is the beneficial owner of all the issued and outstanding common stock of VMware;

WHEREAS , the Parties currently contemplate that VMware will make an initial public offering (the "Offering") of its Class A common stock pursuant to a Registration Statement on Form S-1, filed on April 26, 2007, as amended (the "Registration Statement") under the Securities Act of 1933, as amended;

WHEREAS , EMC directly or indirectly provides certain administrative, legal, financial and other services to the VMware Entities (as defined below);

WHEREAS , following consummation of the Offering, VMware desires EMC to continue to provide certain administrative, legal, tax, financial and other services to the VMware Entities, as more fully set forth in this Agreement; and

WHEREAS , each Party desires to set forth in this Agreement the principal terms and conditions pursuant to which the EMC Entities (as defined below) will provide certain services to the VMware Entities.

NOW, THEREFORE , in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, for themselves and their respective successors and assigns, hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions . (a) As used in this Agreement, the following terms shall have the following meanings, applicable both to the singular and the plural forms of the terms described:

"Agreement" means this Administrative Services Agreement, together with the schedules and exhibits hereto, as the same may be amended and supplemented from time to time in accordance with the provisions hereof.

"Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of such Person's property under applicable law.

"EMC Employee" means an EMC employee or Subcontractor listed on Schedule I that will be engaged in providing Services.

"EMC Entities" means EMC and its Subsidiaries (other than the VMware Entities), and "EMC Entity" means any one of the EMC Entities currently in place on the effective date of the Registration Statement and any entity which becomes a Subsidiary of EMC after the date hereof.

"Employee Benefits Agreement" means the Employee Benefits Agreement between the Parties of even date herewith.

"Insurance Matters Agreement" means the Insurance Matters Agreement between the Parties of even date herewith.

"Intellectual Property Agreement" means the Intellectual Property Agreement between the Parties of even date herewith.

"Real Estate Agreement" means the Real Estate Agreement between the Parties of even date herewith.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Master Transaction Agreement" means the Master Transaction Agreement between the Parties of even date herewith.

"Offering Date" means the date on which the Offering is consummated.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government (including any department or agency thereof) or other entity.

"Project Volante" means the project pursuant to which EMC currently provides management services to VMware in Bangalore, India, and will continue to provide such services to VMware from the Offering Date pursuant to this Agreement.

"Schedule I" means the first Schedule attached hereto, as amended from time to time, which lists certain agreed upon Services to be provided by EMC to or on behalf of the VMware Entities and sets forth the related pricing for such Services.

"Schedule II" means the second Schedule attached hereto which sets forth the pricing for Services to be provided by EMC to or on behalf of the VMware Entities in connection with Project Volante.

"Schedules" means any one or more of the schedules referred to in and attached to this Agreement.

"Services" means the various administrative, financial, legal, tax and other services to be provided by EMC to or on behalf of the VMware Entities as described on Schedule I and Schedule II and any Additional Services provided pursuant to this Agreement.

"Subsidiary" means, as to any Person, a corporation, limited liability company, joint venture, partnership, trust, association or other entity in which such Person: (1) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such entity, (B) the total combined equity interests, or (C) the capital or profits interest, in the case of a partnership; or (2) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax Sharing Agreement" means the Tax Sharing Agreement between the Parties of even date herewith.

"Transaction Agreements" means this Agreement, the Employee Benefits Agreement, the Insurance Matters Agreement, the Intellectual Property Agreement, the Real Estate Agreement, the Master Transaction Agreement and the Tax Sharing Agreement.

"VMware Business" means the business of virtual infrastructure technology presently conducted by VMware, as more completely described in the Registration Statement, or following the Offering Date, such business that is then conducted by VMware and described in its periodic filings with the U.S. Securities and Exchange Commission.

"VMware Entities" means VMware and its Subsidiaries and any entity which becomes a Subsidiary of VMware after the date hereof, and "VMware Entity" means any one of the VMware Entities.

"VMware Liabilities" has the meaning set forth in the Master Transaction Agreement.

(b) Each of the following terms is defined in the Section set forth opposite such term:

TERM	SECTION
Actions	4.03(a)
Additional Services	2.02
EMC	Preamble
EMC Indemnified Person	4.03(a)
Force Majeure	6.06(a)
Initial Term	5.01(a)
Offering	Preamble

Parties	Preamble
Party	Preamble
Registration Statement	Preamble
Renewal Term	5.01(a)
Services Managers	4.02
Subcontractor	6.04
VMware	Preamble

Section 1.02 Internal References . Unless the context indicates otherwise, references to Articles, Sections and paragraphs shall refer to the corresponding articles, sections and paragraphs in this Agreement and references to the parties shall mean the parties to this Agreement.

ARTICLE II
PURCHASE AND SALE OF SERVICES

Section 2.01 Purchase and Sale of Services .

(a) Subject to the terms and conditions of this Agreement and in consideration of the costs for Services described below, EMC agrees to provide or cause to be provided to the VMware Entities, and VMware agrees to purchase from EMC, the Services, until such Services are terminated in accordance with the provisions hereof.

(b) The Parties acknowledge and agree that (i) the Services to be provided, or caused to be provided, by EMC under this Agreement shall, at VMware's request, be provided directly to VMware or Subsidiaries of VMware and (ii) EMC may satisfy its obligation to provide or to procure the Services hereunder by causing one or more of its Subsidiaries to provide or to procure such services. With respect to the Services provided to, or procured on behalf of, any Subsidiary of VMware, VMware agrees to pay on behalf of such Subsidiary all amounts payable by or in respect of such Services pursuant to this Agreement.

Section 2.02 Additional Services . In addition to the Services to be provided or procured by EMC in accordance with Section 2.01 and set forth on Schedule I or Schedule II, if requested by VMware, and to the extent that EMC and VMware may mutually agree in writing, EMC shall provide additional services to VMware ("Additional Services"). The scope of any such services, as well as the costs and other terms and conditions applicable to such services, shall be as mutually agreed by EMC and VMware prior to the provision of such Additional Services.

ARTICLE III
SERVICE COSTS; OTHER CHARGES

Section 3.01 Service Costs .

(a) Each Service (other than Additional Services or Services set forth on Schedule II) will be provided at the price per EMC Employee indicated in Schedule I. The price per EMC Employee providing such Service will be calculated as a percentage of the fully-

burdened cost for each such EMC Employee. In the event of a material change in the level of service for any Service prior to the expiration of the term set forth on Schedule I, the Parties will work together in good faith to recalculate the price for such Service and amend Schedule I, as appropriate. For purposes of this Agreement, "fully-burdened cost" means the total cost of employment to EMC with respect to each EMC Employee, including such individual's salary, bonus, equity and other compensation and employment-related insurance, benefits and taxes.

(b) No later than 15 days prior to the end of the Initial Term or any Renewal Term, the Parties shall commence discussions to determine the appropriate level of service for each Service to be provided pursuant to Schedule I in the subsequent Renewal Term based on a good faith review of the Services and levels of service provided in the then-current term and a good faith estimate of the VMware Entities' future service requirements. The Parties shall use their reasonable best efforts to execute and deliver an amended Schedule I for the subsequent Renewal Term prior to the expiration of the then-current term set forth on Schedule I.

(c) Services provided by EMC to VMware in connection with Project Volante shall be provided at the rate set forth in Schedule II.

(d) Any Additional Services provided by EMC to VMware shall be provided at rates mutually agreed to by the parties in writing.

Section 3.02 Payment .

(a) Charges for Services shall be invoiced quarterly in arrears by EMC, within three (3) business days of the end of a quarter. The invoice shall set forth in reasonable detail for the period covered by such invoice (i) the Services rendered, (ii) the aggregate amount charged for each type of Service provided and (iii) such additional information as VMware may reasonably request at least ten (10) business days prior to the end of a quarter. Each invoice shall be directed to the Chief Executive Officer or Chief Financial Officer of VMware or such other person designated in writing from time to time by the VMware Chief Executive Officer or Chief Financial Officer. Each such invoice shall be payable within sixty (60) days after receipt by VMware, provided that if VMware, in good faith, disputes any invoiced charge, payment of such charge may be made only after mutual resolution of such dispute. VMware agrees to notify EMC promptly, and in no event later than sixty (60) days following receipt of EMC's invoice, of any disputed charge. Unless otherwise agreed in writing between the Parties, all payments made pursuant to this Agreement shall be made in U.S. dollars.

(b) During the term of this Agreement, EMC shall keep such books, records and accounts as are reasonably necessary to verify the calculation of the fees and related expense for Services provided hereunder. EMC shall provide documentation supporting any amounts invoiced pursuant to this Section 3.02 as VMware may from time to time reasonably request. VMware shall have the right to review such books, records and accounts at any time upon reasonable notice, and VMware agrees to conduct any such review in a manner so as not to unreasonably interfere with EMC's normal business operations.

Section 3.03 Financial Responsibility for EMC Personnel . EMC will pay for all personnel and other related expenses, including salary or wages, of its employees performing the Services. No person providing Services to a VMware Entity pursuant to the terms of this Agreement shall be deemed to be, or shall have any rights as, an employee of any VMware Entity.

ARTICLE IV
STANDARD OF PERFORMANCE AND INDEMNIFICATION

Section 4.01 General Standard of Service . Except as otherwise agreed to in writing by the Parties or as described in this Agreement, the Parties agree that the nature, quality, degree of skill and standard of care applicable to the delivery of the Services hereunder, and the skill levels of the EMC Employees providing such Services, shall be substantially the same as or consistent with those which EMC exercises or employs in providing similar services provided within or to any EMC Entity.

Section 4.02 Services Management . EMC and VMware each agree to appoint one of their respective employees who will have overall responsibility for managing and coordinating the delivery of Services, including making available the services of appropriately qualified employees and resources to enable the provision of the Services (each, a "Services Manager"). The Services Managers will consult and coordinate with each other regarding the provision of Services.

Section 4.03 Limitation of Liability .

(a) VMware agrees that none of the EMC Entities and their respective directors, officers, agents, and employees (each, of the EMC Entities and their respective directors, officers, agents, and employees, an "EMC Indemnified Person") shall have any liability, whether direct or indirect, in contract or tort or otherwise, to any VMware Entity or any other Person under the control of such VMware Entity for or in connection with the Services rendered or to be rendered by any EMC Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any EMC Indemnified Person's actions or inactions in connection with any Services or such transactions, except for damages which have resulted from such EMC Indemnified Person's breach, gross negligence, bad faith or willful misconduct in connection with the foregoing.

(b) Notwithstanding the provisions of this Section 4.03, none of the EMC Entities shall be liable for any special, indirect, incidental, or consequential damages of any kind whatsoever (including, without limitation, attorneys' fees) in any way due to, resulting from or arising in connection with any of the Services or the performance of or failure to perform EMC's obligations under this Agreement. This disclaimer applies without limitation (1) to claims arising from the provision of the Services or any failure or delay in connection therewith; (2) to claims for lost profits; (3) regardless of the form of action, whether in contract, tort (including negligence), strict liability, or otherwise; and (4) regardless of whether such damages are foreseeable or whether EMC has been advised of the possibility of such damages.

(c) None of the EMC Entities shall have any liability to any VMware Entity or any other Person for failure to perform EMC's obligations under this Agreement or otherwise, where such failure to perform similarly affects the EMC Entities receiving the same or similar services and does not have a disproportionately adverse effect on the VMware Entities, taken as a whole.

(d) In addition to the foregoing, VMware agrees that, in all circumstances, it shall use commercially reasonable efforts to mitigate and otherwise minimize damages to the VMware Entities, individually and collectively, whether direct or indirect, due to, resulting from or arising in connection with any failure by EMC to comply fully with EMC's obligations under this Agreement.

Section 4.04 Indemnification .

(a) VMware agrees to indemnify and hold harmless each EMC Indemnified Person from and against any damages related to, and to reimburse each EMC Indemnified Person for all reasonable expenses (including, without limitation, attorneys' fees) as they are incurred in connection with, pursuing or defending any claim, action or proceeding, (collectively, "Actions"), arising out of or in connection with Services rendered or to be rendered by any EMC Indemnified Person pursuant to this Agreement, the transactions contemplated hereby or any EMC Indemnified Person's actions or inactions in connection with any such Services or transactions; *provided that* , VMware shall not be responsible for any damages incurred by any EMC Indemnified Person that have resulted from such EMC Indemnified Person's gross negligence or willful misconduct in connection with any of the advice, actions, inactions, or Services referred to in this Section 4.04(a).

(b) EMC agrees to indemnify and hold harmless each VMware director, officer, agent and employee from and against any damages related to, and to reimburse each such individual for all reasonable expenses (including, without limitation, attorneys' fees) as they are incurred in connection with, pursuing or defending any Action arising out of or related to the gross negligence or willful misconduct of any EMC Indemnified Person in connection with the Services rendered or to be rendered pursuant to this Agreement; *provided that* , EMC shall not be responsible for any damages incurred by any VMware director, officer, agent or employee that have resulted from any VMware Entity's, or any VMware Entity's director's, officer's, agent's or employee's, gross negligence or willful misconduct in connection with the Services rendered or to be rendered pursuant to this Agreement.

ARTICLE V
TERM AND TERMINATION

Section 5.01 Term . Except as otherwise provided in this Article V or as otherwise agreed in writing by the Parties, (a) this Agreement shall have an initial term from the Offering Date through September, 30, 2007 (the "Initial Term"), and will be renewed automatically thereafter for successive three month terms (each, a "Renewal Term") unless either Party elects not to renew this Agreement by notice in writing to the other Party not less than ninety (90) days prior to the end of any term, and (b) EMC's obligation to provide or to procure, and VMware's obligation to purchase, a Service shall cease as of the applicable date set forth in Schedule I or Schedule II or the applicable date set forth in any arrangement between the Parties pursuant to which Additional Services are provided or such earlier date determined in accordance with Section 5.02.

Section 5.02 Termination .

(a) The Parties may by mutual agreement from time to time terminate this Agreement with respect to one or more of the Services, in whole or in part.

(b) VMware may terminate any Service at any time (i) upon at least thirty (30) days prior written notice of such termination by VMware to EMC, effective as of such 30th day, and (ii) if EMC shall have failed to perform any of its material obligations under this Agreement relating to such Service, VMware shall have notified EMC in writing of such failure, and such failure shall have continued for a period of at least thirty (30) days after receipt by EMC of written notice of such failure from VMware, effective as of such 30th day.

Section 5.03 Effect of Termination .

(a) Other than as required by law, upon the effective date of the termination of any Service pursuant to Section 5.02, or upon termination of this Agreement in accordance with its terms, EMC shall have no further obligation to provide the terminated Service (or any Service, in the case of termination of this Agreement) and VMware shall have no obligation to pay any fees relating to such terminated Services or to make any other payments hereunder; *provided that* , notwithstanding such termination, (i) VMware shall remain liable to EMC for fees owed and payable in respect of Services provided prior to the effective date of the termination; (ii) EMC shall continue to charge VMware for administrative and program costs relating to benefits paid after but incurred prior to the termination of any Service, and VMware shall be obligated to pay such expenses in accordance with the terms of this Agreement, provided that (A) EMC makes reasonable efforts to obtain available refunds of such costs and (B) if EMC obtains a refund of any such costs already paid by VMware, EMC shall return such portion of the costs to VMware; and (iii) the provisions of Articles IV, V, and VI shall survive any such termination indefinitely.

(b) Following termination of this Agreement with respect to any Service, the Parties agree to cooperate with each other in providing for an orderly transition of such Service to VMware or to a successor service provider as designated by VMware.

ARTICLE VI
MISCELLANEOUS

Section 6.01 Ownership .

(a) This Agreement and the performance of the Services hereunder will not affect the ownership of any assets or responsibility for any liabilities allocated in the Master Transaction Agreement or any of the other Transaction Agreements. Neither Party will gain, by virtue of this Agreement or the Services provided hereunder, by implication or otherwise, any rights of ownership of any property or intellectual property rights owned by the other or their respective Subsidiaries.

(b) VMware shall own all property or intellectual property rights assigned to VMware pursuant to the Transaction Documents, as well as any changes, additions or improvements thereto made by EMC solely on behalf of VMware in the performance of the

Services. In addition, VMware will own any data with respect to VMware, any other VMware Entity or the VMware Business to the extent such data is developed solely by EMC on behalf of VMware, any other VMware Entity or the VMware Business. To the extent that data provided by VMware to EMC is owned by VMware and such data is processed or used by EMC in performance of the Services, such data and any modifications to that data shall remain the property of VMware. The provisions of this Section 6.01(b) do not grant VMware any rights to any data concerning EMC, any other EMC Entity or EMC's business.

Section 6.02 Other Agreements . In the event there is any inconsistency between the provisions of this Agreement and the respective provisions of the Insurance Matters Agreement, the Tax Sharing Agreement, the Employee Benefits Agreement, the Real Estate Agreement and the Intellectual Property Agreement, respectively, the respective provisions of the Insurance Matters Agreement, Tax Sharing Agreement, the Employee Benefits Agreement, the Real Estate Agreement and the Intellectual Property Agreement shall govern.

Section 6.03 No Agency . Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the Parties hereto or constitute or be deemed to constitute any Party the agent or employee of the other Party for any purpose whatsoever, and neither Party shall have authority or power to bind the other Party or to contract in the name of, or create a liability against, the other Party in any way or for any purpose.

Section 6.04 Subcontractors . EMC may hire or engage one or more third-party subcontractors (each, a "Subcontractor") to perform all or any of its obligations under this Agreement; *provided that* , subject to Section 4.03, EMC shall pay for all fees due each such Subcontractor and shall in all cases remain primarily responsible for all obligations undertaken by each such Subcontractor on EMC's behalf pursuant to the terms of this Agreement with respect to the scope, quality, degree of skill and nature of the Services provided to VMware; and provided further that without the prior written consent of VMware, EMC may only hire or engage Subcontractors to perform the Services set forth on Schedule I to the extent that any such Subcontractor is a natural person performing similar services for EMC. EMC shall cause any Subcontractor performing Services under this Agreement to execute the nondisclosure agreement attached hereto as Schedule III.

Section 6.05 Force Majeure .

(a) For purposes of this Section 6.05, "Force Majeure" means an event beyond the control of either Party, which by its nature could not have been foreseen by such Party, or, if it could have been foreseen, was unavoidable, and includes without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) and failure of energy sources.

(b) Continued performance of a Service may be suspended immediately to the extent caused by Force Majeure. The Party claiming suspension of a Service due to Force Majeure will give prompt notice to the other of the occurrence of the event giving rise to the suspension and of its nature and anticipated duration. The Parties shall cooperate with each other to find alternative means and methods for the provision of the suspended Service.

(c) Without limiting the generality of Section 4.03, neither Party shall be under any liability for failure to fulfill any obligation under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of Force Majeure.

Section 6.06 Entire Agreement . This Agreement (including the Schedules constituting a part of this Agreement) and any other writing signed by the Parties that specifically references or is specifically related to this Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement is not intended to confer upon any Person other than the Parties hereto any rights or remedies hereunder.

Section 6.07 Information . Subject to applicable law and privileges, each Party hereto covenants with and agrees to provide to the other Party all information regarding itself and transactions under this Agreement that the other Party reasonably believes is required to comply with all applicable federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.

Section 6.08 Notices . Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing shall be duly given upon delivery, if delivered by hand, facsimile transmission, or mail (with postage prepaid), to the following addresses:

(a) If to EMC, to:

Office of the General Counsel
176 South Street
Hopkinton, MA 01748
Fax: (508) 497-6915

(b) If to VMware, to:

Legal Department
3401 Hillview Avenue
Palo Alto, CA 94304
Fax: (650) 427-5001

or to such other addresses or telecopy numbers as may be specified by like notice to the other Party.

Section 6.09 Governing Law . This Agreement, including the validity hereof and the rights and obligations of the Parties hereunder, shall be construed in accordance with and shall be governed by the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed entirely in such Commonwealth (without giving effect to the conflicts of laws provisions thereof).

Section 6.10 Severability . If any terms or other provision of this Agreement or the Schedules or exhibits hereto shall be determined by a court, administrative agency or arbitrator to be invalid, illegal or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, this Agreement shall be construed as if not containing the particular invalid, illegal or unenforceable provision, and all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent permitted under applicable law.

Section 6.11 Third Party Beneficiary . None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any Person. No such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any Liability (or otherwise) against either Party hereto.

Section 6.12 Amendment . This Agreement may only be amended by a written agreement executed by both Parties hereto.

Section 6.13 Counterparts . This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

Section 6.14 Authority . Each of the Parties represent to the other Party that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

[Signature Page Follows]

IN WITNESS WHEREOF , the Parties have caused this Agreement to be signed by their duly authorized representatives.

EMC CORPORATION

By: _____
Name:
Title:

VMWARE, INC.

By: _____
Name:
Title:

EXHIBIT 10.3

TAX SHARING AGREEMENT

by and among

EMC CORPORATION

AND ITS AFFILIATES,

and

VMWARE, INC.

AND ITS AFFILIATES,

Dated

[ ]

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TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this "Agreement") dated as of [Date], by and among EMC Corporation, a Massachusetts corporation ("EMC"), each EMC Affiliate (as defined below), VMware, Inc., an Delaware corporation and currently an indirect, wholly-owned subsidiary of EMC ("VMware"), and each VMware Affiliate (as defined below) is entered into in connection with the IPO (as defined below).

RECITALS

WHEREAS, as of the date hereof, EMC and its direct and indirect domestic subsidiaries are members of an Affiliated Group (as defined below), of which EMC is the common parent;

WHEREAS, EMC owns all of the issued and outstanding shares of VMware stock;

WHEREAS, EMC intends to cause VMware to complete the VMware Recapitalization (as defined below);

WHEREAS, EMC intends, sometime after the VMware Recapitalization, to effect the initial public offering by VMware of VMware common stock that will reduce EMC's ownership of VMware, on a fully diluted basis, to not less than eighty percent (80%) of the value of VMware's common stock (the "IPO"); and

WHEREAS, in contemplation of the IPO, the parties hereto have determined to enter into this Agreement, setting forth their agreement with respect to certain tax matters.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

Section 1. Definitions.

As used in this Agreement, capitalized terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Affiliated Group" means an affiliated group of corporations within the meaning of section 1504(a) of the Code that files a consolidated return for United States federal Income Tax purposes.

"After Tax Amount" means any additional amount necessary to reflect the hypothetical Tax consequences of the receipt or accrual of any payment required to be made under this Agreement (including payment of an additional amount or amounts hereunder and the effect of the

deductions available for interest paid or accrued and for Taxes such as state and local Income Taxes), determined by using the highest applicable statutory corporate Income Tax rate (or rates, in the case of an item that affects more than one Tax) for the relevant taxable period (or portion thereof).

"Agreement" has the meaning set forth in the preamble hereto.

"Audit" means any audit, assessment of Taxes, other examination by any Taxing Authority, proceeding, or appeal of such a proceeding relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

"Carryback Period" has the meaning set forth in Section 4.02 of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combined Return" means any Tax Return, other than with respect to United States federal Income Taxes, filed on a consolidated, combined (including nexus combination, worldwide combination, domestic combination, line of business combination or any other form of combination) or unitary basis wherein VMware or one or more VMware Affiliates join in the filing of such Tax Return (for any taxable period or portion thereof) with EMC or one or more EMC Affiliates.

"Consolidated Return" means any Tax Return with respect to United States federal Income Taxes filed on a consolidated basis wherein VMware or one or more VMware Affiliates join in the filing of such Tax Return (for any taxable period or portion thereof) with EMC or one or more EMC Affiliates.

"Controlling Party" has the meaning set forth in Section 8.01 of this Agreement.

"Deconsolidation Event" means, with respect to VMware and each VMware Affiliate, any event or transaction that causes VMware and/or one or more VMware Affiliates to no longer be eligible to join with EMC or one or more EMC Affiliates in the filing of a Consolidated Return or a Combined Return.

"Distribution" means any distribution by EMC of its issued and outstanding shares of VMware stock (and securities, if any) that EMC holds at such time to EMC shareholders and/or securityholders in a transaction intended to qualify as a distribution under section 355 of the Code.

"Distribution Taxes" means any Taxes imposed on, or increase in Taxes incurred by, EMC or any EMC Affiliate, and any Taxes of an EMC shareholder (or former EMC shareholder) that are required to be paid or reimbursed by EMC or any EMC Affiliate pursuant to a legal determination, provided that EMC shall have vigorously defended itself in any legal proceeding involving Taxes of an EMC shareholder, (without regard to whether such Taxes are offset or reduced by any Tax Asset, Tax Item, or otherwise) resulting from, or arising in connection with, the failure of a Distribution to qualify as a tax-free transaction under section 355 of the Code

(including any Tax resulting from the application of section 355(d) or section 355(e) of the Code to a Distribution) or corresponding provisions of the laws of any other jurisdictions. Any Income Tax referred to in the immediately preceding sentence shall be determined using the highest applicable statutory corporate Income Tax rate for the relevant taxable period (or portion thereof).

"EMC" has the meaning set forth in the preamble hereto.

"EMC Affiliate" means any corporation or other entity directly or indirectly "controlled" by EMC where "control" means the ownership of fifty percent (50%) or more of the ownership interests of such corporation or other entity (by vote or value) or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such corporation or other entity, but at all times excluding VMware or any VMware Affiliate.

"EMC Business" means all of the businesses and operations conducted by EMC and EMC Affiliates, excluding the VMware Business, at any time, whether prior to or after the IPO Date.

"EMC Group" means the Affiliated Group, or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which EMC is the common parent corporation, and any corporation or other entity which may be, may have been or may become a member of such group from time to time, but excluding any member of the VMware Group.

"Estimated Tax Installment Date" means, with respect to United States federal Income Taxes, the estimated Tax installment due dates prescribed in section 6655(c) of the Code and, in the case of any other Tax, means any other date on which an installment payment of an estimated amount of such Tax is required to be made.

"Final Determination" shall mean the final resolution of liability for any Tax for any taxable period, by or as a result of: (i) a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under sections 7121 or 7122 of the Code, or a comparable agreement under the laws of other jurisdictions, which resolves the entire Tax liability for any taxable period; (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the jurisdiction imposing the Tax; or (iv) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

"Income Tax" shall mean any federal, state, local or non-U.S. Tax determined (in whole or in part) by reference to net income, net worth, gross receipts or capital, or any Taxes imposed in lieu of such a tax. For the avoidance of doubt, the term "Income Tax" includes any franchise tax or any Taxes imposed in lieu of such a tax.

"Income Tax Return" means any Tax Return relating to any Income Tax.

"Independent Accountant" has the meaning set forth in Section 2.04(b) of this Agreement.

"Independent Firm" has the meaning set forth in Section 10.03 of this Agreement.

"IPO" has the meaning set forth in the recitals hereto.

"IPO Date" means the close of business on the date which the IPO is effected.

"IRS" means the United States Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

"Joint Responsibility Item" means any Tax Item for which the non-Controlling Party's responsibility under this Agreement could exceed one hundred fifty thousand dollars ($150,000), but not a Sole Responsibility Item.

"Non-Income Tax Return" means any Tax Return relating to any Tax other than an Income Tax.

"Officer's Certificate" means a letter executed by an officer of EMC or VMware and provided to Tax Counsel as a condition for the completion of a Tax Opinion or Supplemental Tax Opinion.

"Option" means an option to acquire common stock, or other equity-based incentives the economic value of which is designed to mirror that of an option, including non-qualified stock options, discounted non-qualified stock options, cliff options to the extent stock is issued or issuable (as opposed to cash compensation), and tandem stock options to the extent stock is issued or issuable (as opposed to cash compensation).

"Owed Party" has the meaning set forth in Section 7.05 of this Agreement.

"Owing Party" has the meaning set forth in Section 7.05 of this Agreement.

"Payment Period" has the meaning set forth in Section 7.05(e) of this Agreement.

"Post-Deconsolidation Period" means any taxable period beginning after the date of a Deconsolidation Event.

"Post-IPO Period" means any taxable period beginning after the IPO Date.

"Pre-Deconsolidation Period" means any taxable period beginning on or before the date of a Deconsolidation Event.

"Ruling" means (i) any private letter ruling issued by the IRS in connection with a Distribution in response to a request for such a private letter ruling filed by EMC (or any EMC

Affiliate) prior to the date of a Distribution, and (ii) any similar ruling issued by any other Taxing Authority addressing the application of a provision of the laws of another jurisdiction to a Distribution.

"Ruling Documents" means (i) the request for a Ruling filed with the IRS, together with any supplemental filings or other materials subsequently submitted on behalf of EMC, its Subsidiaries and shareholders to the IRS, the appendices and exhibits thereto, and any Ruling issued by the IRS to EMC (or any EMC Affiliate) in connection with a Distribution and (ii) any similar filings submitted to, or rulings issued by, any other Taxing Authority in connection with a Distribution.

"Sole Responsibility Item" means any Tax Item for which the non-Controlling Party has the entire economic liability under this Agreement.

"Straddle IPO Period" means any taxable period beginning on or before the IPO Date and ending after the IPO Date.

"Supplemental Ruling" means (i) any ruling (other than the Ruling) issued by the IRS in connection with a Distribution, and (ii) any similar ruling issued by any other Taxing Authority addressing the application of a provision of the laws of another jurisdiction to a Distribution.

"Supplemental Ruling Documents" means (i) the request for a Supplemental Ruling, together with any supplemental filings or other materials subsequently submitted, the appendices and exhibits thereto, and any Supplemental Rulings issued by the IRS in connection with a Distribution and (ii) any similar filings submitted to, or rulings issued by, any other Taxing Authority in connection with a Distribution.

"Supplemental Tax Opinion" has the meaning set forth in Section 5.02(c) of this Agreement.

"Taxes" means all federal, state, local or non-U.S. taxes, charges, fees, duties, levies, imposts, rates or other assessments, including income, gross receipts, net worth, excise, property, sales, use, license, capital stock, transfer, franchise, payroll, withholding, social security, value added or other taxes, (including any interest, penalties or additions attributable thereto) and a "Tax" shall mean any one of such Taxes.

"Taxpayer" means any taxpayer and its Affiliated Group or similar group of entities as defined under corresponding provisions of the laws of any other jurisdiction of which a taxpayer is a member.

"Tax Asset" means any Tax Item that has accrued for Tax purposes, but has not been realized during the taxable period in which it has accrued, and that could reduce a Tax in another taxable period, including a net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or credit related to alternative minimum tax or any other Tax credit.

"Tax Benefit" means a reduction in the Tax liability (or increase in refund or credit or any item of deduction or expense) of a Taxpayer for any taxable period. Except as otherwise provided in this Agreement, a Tax Benefit shall be deemed to have been realized or received from a Tax Item in a taxable period only if and to the extent that the Tax liability of the Taxpayer for such period, after taking into account the effect of the Tax Item on the Tax liability of such Taxpayer in the current period and all prior periods, is less than it would have been had such Tax liability been determined without regard to such Tax Item.

"Tax Counsel" means a nationally recognized law firm selected by EMC to provide a Tax Opinion.

"Tax Detriment" means an increase in the Tax liability (or reduction in refund or credit or any item of deduction or expense) of a Taxpayer for any taxable period. Except as otherwise provided in this Agreement, a Tax Detriment shall be deemed to have been realized or incurred from a Tax Item in a taxable period only if and to the extent that the Tax liability of the Taxpayer for such period, after taking into account the effect of the Tax Item on the Tax liability of such Taxpayer in the current period and all prior periods, is more than it would have been had such Tax liability been determined without regard to such Tax Item.

"Tax Item" means any item of income, gain, loss, deduction, expense or credit, or other attribute that may have the effect of increasing or decreasing any Tax.

"Tax Opinion" means an opinion issued by Tax Counsel as one of the conditions to completing a Distribution addressing certain United States federal Income Tax consequences of a Distribution under section 355 of the Code.

"Tax Return" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Taxing Authority" means any governmental authority or any subdivision, agency, commission or authority thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

"VMware" has the meaning set forth in the preamble hereto.

"VMware Affiliate" means any corporation or other entity directly or indirectly "controlled" by VMware at the time in question, where "control" means the ownership of fifty percent (50%) or more of the ownership interests of such corporation or other entity (by vote or value) or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such corporation or other entity.

"VMware Business" means the business and operations conducted by VMware and VMware Affiliates as such business and operations will continue after the IPO Date.

"VMware Business Records" has the meaning set forth in Section 10.02(b) of this Agreement.

"VMware Group" means the Affiliated Group, or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which VMware will be the common parent corporation immediately after a Deconsolidation Event and including any corporation or other entity which may become a member of such group from time to time.

"VMware Recapitalization" means the recapitalization of VMware's stock structure intended to be completed by the (i) cancellation of all of VMware's then authorized, issued and/or outstanding stock, (ii) authorization of two new classes of VMware stock, VMware Class A Common Stock and VMware Class B Common Stock, which will be identical in all respects, except that each share of VMware Class B Common Stock will be entitled to more votes per share than each share of VMware Class A Common Stock, and (iii) issuance of VMware Class B Common Stock to EMC with respect to EMC's ownership of VMware stock.

"VMware Separate Tax Liability" means an amount equal to the Tax liability that VMware and each VMware Affiliate would have incurred if they had filed a consolidated return, combined return (including nexus combination, worldwide combination, domestic combination, line of business combination or any other form of combination), unitary return or a separate return, as the case may be, separate from the members of the EMC Group, for the relevant Tax period, and such amount shall be computed by EMC (A) in a manner consistent with (i) general Tax accounting principles, (ii) the Code and the Treasury regulations promulgated thereunder, and (iii) past practice, if any, and (B) taking into account any Tax Asset of VMware and any VMware Affiliate attributable to any Tax period beginning on or after January 1, 2007; provided , however , that, although the VMware Separate Tax Liability is to be computed on a hypothetical basis as if VMware and each VMware Affiliate were separate from the members of the EMC Group, the fact that VMware or any VMware Affiliate is included in a Consolidated Return or a Combined Return and the effect that such inclusion has on the calculation of any Tax Item, shall nevertheless be taken into account for purposes of computing the VMware Separate Tax Liability (for example, for purposes of calculating its R&D credit, VMware shall be entitled to its allocable share of the consolidated R&D credit of the EMC Group).

Section 2. Preparation and Filing of Tax Returns.

2.01. EMC's Responsibility . Subject to the other applicable provisions of this Agreement, EMC shall have sole and exclusive responsibility for the preparation and filing of:

(a) all Consolidated Returns and all Combined Returns for any taxable period;

(b) all Income Tax Returns (other than Consolidated Returns and Combined Returns) with respect to EMC and/or any EMC Affiliate for any taxable period;

(c) all Income Tax Returns (other than Consolidated Returns and Combined Returns) with respect to VMware and/or any VMware Affiliate that are required to be filed (taking into account any extension of time which has been requested or received) on or prior to the IPO Date; and

(d) all Non-Income Tax Returns with respect to EMC, any EMC Affiliate, or the EMC Business or any part thereof for any taxable period.

2.02. VMware's Responsibility . Subject to the other applicable provisions of this Agreement, VMware shall have sole and exclusive responsibility for the preparation and filing of:

(a) all Income Tax Returns (other than Consolidated Returns and Combined Returns) with respect to VMware and/or any VMware Affiliate that are required to be filed (taking into account any extension of time which has been requested or received) after the IPO Date; and

(b) all Non-Income Tax Returns with respect to VMware, any VMware Affiliate, or the VMware Business or any part thereof for any taxable period.

2.03. Agent . Subject to the other applicable provisions of this Agreement, VMware hereby irrevocably designates, and agrees to cause each VMware Affiliate to so designate, EMC as its sole and exclusive agent and attorney-in-fact to take such action (including execution of documents) as EMC, in its sole discretion, may deem appropriate in any and all matters (including Audits) relating to any Tax Return described in Section 2.01 of this Agreement.

2.04. Manner of Tax Return Preparation .

(a) Unless otherwise required by a Taxing Authority, the parties hereby agree to prepare and file all Tax Returns, and to take all other actions, in a manner consistent with (1) this Agreement, (2) any Tax Opinion, (3) any Supplemental Tax Opinion, (4) any Ruling, and (5) any Supplemental Ruling. All Tax Returns shall be filed on a timely basis (taking into account applicable extensions) by the party responsible for filing such returns under this Agreement.

(b) EMC shall have the exclusive right, in its sole discretion, with respect to any Tax Return described in Section 2.01 of this Agreement, to determine (1) the manner in which such Tax Return shall be prepared and filed, including the elections, method of accounting, positions, conventions and principles of taxation to be used and the manner in which any Tax Item shall be reported, (2) whether any extensions shall be requested, (3) the elections that will be made by EMC, any EMC Affiliate, VMware, and/or any VMware Affiliate on such Tax Return, (4) whether any amended Tax Returns shall be filed, (5) whether any claims for refund shall be made, (6) whether any refunds shall be paid by way of refund or credited against any liability for the related Tax, and (7) whether to retain outside firms to prepare and/or review such Tax Returns; provided , however , that EMC shall consult with VMware prior to changing any method of accounting if such action would solely impact VMware or VMware Affiliates. In the case of any Consolidated Return or Combined Return with respect to a Straddle IPO Period or a Post-IPO Period that reports a VMware Separate Tax Liability in excess of five million dollars ($5,000,000),

EMC shall provide to VMware a pro forma draft of the portion of such Tax Return that reflects the VMware Separate Tax Liability and a statement showing in reasonable detail EMC's calculation of the VMware Separate Tax Liability (including copies of all worksheets and other materials used in preparation thereof) at least twenty-one (21) days prior to the due date (with applicable extensions) for the filing of such Tax Return for VMware's review and comment. VMware shall provide its comments to EMC at least ten (10) days prior to the due date (with applicable extensions) for the filing of such Tax Return. In the case of a dispute regarding the reporting of any Tax Item on such Tax Return or the requesting of a change of method of accounting which would solely impact VMware or VMware Affiliates, which the parties cannot resolve, EMC and VMware shall jointly retain a nationally recognized accounting firm that is mutually agreed upon by EMC and VMware (the "Independent Accountant") to determine whether the proposed reporting of EMC or VMware is more appropriate. If EMC and VMware are unable to agree, the Independent Accountant shall be Deloitte Tax LLP. The relevant Tax Item shall be reported in the manner that the Independent Accountant determines is more appropriate, and such determination shall be final and binding on EMC and VMware. If VMware has not provided its comments on the pro forma draft of the portion of the Tax Return, or in the case of a dispute regarding the reporting of any Tax Item, such dispute has not been resolved by the due date (with applicable extension) for the filing of any Tax Return, EMC shall file such Tax Return reporting all Tax Items in the manner as originally set forth on the pro forma draft of the portion of the Tax Return provided to VMware; provided , however , that EMC agrees that it will thereafter file an amended Tax Return, if necessary, reporting any disputed Tax Item in the manner determined by the Independent Accountant, and any other Tax Item as agreed upon by EMC and VMware. The fees and expenses incurred in retaining the Independent Accountant shall be borne equally by EMC and VMware, except that if the Independent Accountant determines that the proposed reporting of the disputed Tax Item(s) submitted to the Independent Accountant for its determination by a party is frivolous, has not been asserted in good faith or for which there is not substantial authority, one hundred percent (100%) of the fees and expenses of the Independent Accountant shall be borne by such party.

(c) Information . VMware shall timely provide, in accordance with EMC's internal tax return calendar, which will be provided to VMware on a rolling one-year schedule, all information necessary for EMC to prepare all Tax Returns and compute all estimated Tax payments (for purposes of Section 7.01 of this Agreement). If VMware does not meet these deadlines, the Section 2.04(b) notice period to VMware shall be waived.

Section 3. Liability for Taxes.

3.01. VMware's Liability for Taxes . VMware and each VMware Affiliate shall be jointly and severally liable for the following Taxes, and shall be entitled to receive and retain all refunds of Taxes previously incurred by VMware, any VMware Affiliate, or the VMware Business with respect to such Taxes:

(a) all Taxes with respect to Tax Returns described in Section 2.01(a) of this Agreement to the extent that such Taxes are related to (i) the VMware Separate Tax Liability, or (ii) the VMware Business, for any taxable period;

(b) all Taxes with respect to Tax Returns described in Section 2.01(c) of this Agreement;

(c) all Taxes with respect to Tax Returns described in Section 2.02 of this Agreement; and

(d) all Taxes imposed by any Taxing Authority with respect to the VMware Business, VMware or any VMware Affiliate (other than in connection with the required filing of a Tax Return described in Sections 2.01(a), 2.01(c) or 2.02 of this Agreement) for any taxable period.

3.02. EMC's Liability for Taxes . EMC shall be liable for the following Taxes, and shall be entitled to receive and retain all refunds of Taxes previously incurred by EMC, any EMC Affiliate, or the EMC Business with respect to such Taxes:

(a) except as provided in Section 3.01(a) of this Agreement, all Taxes with respect to Tax Returns described in Section 2.01(a) of this Agreement;

(b) all Taxes with respect to Tax Returns described in Sections 2.01(b) or 2.01(d) of this Agreement; and

(c) all Taxes imposed by any Taxing Authority with respect to EMC, any EMC Affiliate, or the EMC Business (other than in connection with the required filing of a Tax Return described in Sections 2.01(a), 2.01(b) or 2.01(d) of this Agreement) for any taxable period.

3.03. Taxes, Refunds and Credits . Notwithstanding Sections 3.01 and 3.02 of this Agreement, (i) EMC shall be liable for all Taxes incurred by any person with respect to the EMC Business for all periods and shall be entitled to all refunds and credits of Taxes previously incurred by any person with respect to such Taxes, and (ii) VMware and each VMware Affiliate shall be jointly and severally liable for all Taxes incurred by any person with respect to the VMware Business for all periods and shall be entitled to all refunds and credits of Taxes previously incurred by any person with respect to such Taxes. Nothing in this Agreement shall be construed to require compensation, by payment, credit, offset or otherwise, by EMC (or any EMC Affiliate) to VMware (or any VMware Affiliate) for any loss, deduction, credit or other Tax attribute arising in connection with, or related to, VMware, any VMware Affiliate, or the VMware Business, that is shown on, or otherwise reflected with respect to, any Tax Return described in Section 2.01 of this Agreement; provided , however , that in the event that the VMware Separate Tax Liability with respect to a particular taxable period is less than zero, EMC shall pay to VMware an amount equal to the Tax Benefit that the EMC Group recognizes as a result of the VMware Separate Tax Liability being less than zero for such taxable period.

3.04. Payment of Tax Liability . If one party is liable or responsible for Taxes, under Sections 3.01 through 3.03 of this Agreement, with respect to Tax Returns for which another party is responsible for filing, or with respect to Taxes that are paid by another party, then the liable or responsible party shall pay the Taxes (or a reimbursement of such Taxes) to the other party pursuant to Section 7.05 of this Agreement.

3.05. Computation . EMC shall provide VMware with a written calculation in reasonable detail (including, upon reasonable request, copies of all work sheets and other materials used in preparation thereof) setting forth the amount of any VMware Separate Tax Liability or estimated VMware Separate Tax Liability (for purposes of Section 7.01 of this Agreement) and any Taxes related to the VMware Business. VMware shall have the right to review and comment on such calculation. Any dispute with respect to such calculation shall be resolved pursuant to Section 10.03 of this Agreement; provided , however , that, notwithstanding any dispute with respect to any such calculation, in no event shall any payment attributable to the amount of any VMware Separate Tax Liability or estimated VMware Separate Tax Liability be paid later than the date provided in Section 7 of this Agreement.

Section 4. Deconsolidation Events.

4.01. Tax Allocations . Although neither party has any plan or intent to effectuate any transaction that would constitute a Deconsolidation Event, the parties have set forth how certain Tax matters with respect to a Deconsolidation Event would be handled in the event that, as a result of changed circumstances, a transaction that constitutes a Deconsolidation Event is pursued at some future time.

(a) Allocation of Tax Items . In the case of a Deconsolidation Event, all Tax computations for (1) any Pre-Deconsolidation Periods ending on the date of the Deconsolidation Event and (2) the immediately following taxable period of VMware or any VMware Affiliate, shall be made pursuant to the principles of section 1.1502-76(b) of the Treasury Regulations or of a corresponding provision under the laws of other jurisdictions, as reasonably determined by EMC, taking into account all reasonable suggestions made by VMware with respect thereto.

(b) Allocation of Tax Assets . In the case of a Deconsolidation Event, EMC and VMware shall cooperate in determining the allocation of any Tax Assets among EMC, each EMC Affiliate, VMware, and each VMware Affiliate. The parties hereby agree that in the absence of controlling legal authority or unless otherwise provided under this Agreement, Tax Assets shall be allocated to the legal entity that is required under Section 3 of this Agreement to bear the liability for the Tax associated with such Tax Asset, or in the case where no party is required hereunder to bear such liability, the party that incurred the cost or burden associated with the creation of such Tax Asset.

4.02. Carrybacks .

(a) In General . In the case of a Deconsolidation Event, EMC agrees to pay to VMware the Tax Benefit from the use in any Pre-Deconsolidation Period (the “Carryback Period”) of a carryback of any Tax Asset of the VMware Group from a Post-Deconsolidation Period (other than a carryback of any Tax Asset attributable to Distribution Taxes for which the liability is borne by EMC or any EMC Affiliate). If subsequent to the payment by EMC to VMware of the Tax

Benefit of a carryback of a Tax Asset of the VMware Group, there shall be a Final Determination which results in a decrease (1) to the amount of the Tax Asset so carried back or (2) to the amount of such Tax Benefit, VMware shall repay to EMC any amount which would not have been payable to VMware pursuant to this Section 4.02(a) had the amount of the benefit been determined in light of these events. Nothing in this Section 4.02(a) shall require EMC to file an amended Tax Return or claim for refund of Income Taxes; provided , however , that EMC shall use its reasonable efforts to use any carryback of a Tax Asset of the VMware Group that is carried back under this Section 4.02(a).

(b) Net Operating Losses . In the case of a Deconsolidation Event, notwithstanding any other provision of this Agreement, VMware hereby expressly agrees to elect (under section 172(b)(3) of the Code and, to the extent feasible, any similar provision of any state, local or non-U.S. Tax law, including section 1.1502-21T(b)(3) of the Treasury Regulations) to relinquish any right to carryback net operating losses to any Pre-Deconsolidation Periods of EMC (in which event no payment shall be due from EMC to VMware in respect of such net operating losses).

4.03. Continuing Covenants .

Each of EMC (for itself and each EMC Affiliate) and VMware (for itself and each VMware Affiliate) agrees (1) not to take any action reasonably expected to result in an increased Tax liability to the other, a reduction in a Tax Asset of the other or an increased liability to the other under this Agreement, and (2) to take any action reasonably requested by the other that would reasonably be expected to result in a Tax Benefit or avoid a Tax Detriment to the other, provided, in either such case, that the taking or refraining to take such action does not result in any additional cost not fully compensated for by the other party or any other adverse effect to such party. The parties hereby acknowledge that the preceding sentence is not intended to limit, and therefore shall not apply to, the rights of the parties with respect to matters otherwise covered by this Agreement.

Section 5. Distribution Taxes.

5.01. Liability for Distribution Taxes . Although neither party has any plan or intent to effectuate a Distribution, the parties have set forth how certain Tax matters with respect to a Distribution would be handled in the event that, as a result of changed circumstances, a Distribution is pursued at some future time.

(a) EMC's Liability for Distribution Taxes . In the event of a Distribution, notwithstanding Sections 3.01 through 3.03 of this Agreement, EMC and each EMC Affiliate shall be jointly and severally liable for any Distribution Taxes, to the extent that such Distribution Taxes are attributable to, caused by, or result from, one or more of the following:

(i) any action or omission by EMC (or any EMC Affiliate) inconsistent with any information, covenant, representation, or material related to EMC, any EMC Affiliate, or the EMC Business in an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling (for the avoidance

of doubt, disclosure of any action or fact that is inconsistent with any information, covenant, representation, or material submitted to Tax Counsel, the IRS, or other Taxing Authority, as applicable, in connection with an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling shall not relieve EMC (or any EMC Affiliate) of liability under this Agreement);

(ii) any action or omission by EMC (or any EMC Affiliate), including a cessation, transfer to affiliates, or disposition of its active trades or businesses, or an issuance of stock, stock buyback or payment of an extraordinary dividend by EMC (or any EMC Affiliate) following a Distribution;

(iii) any acquisition of any stock or assets of EMC (or any EMC Affiliate) by one or more other persons (other than VMware or a VMware Affiliate) prior to or following a Distribution; or

(iv) any issuance of stock by EMC (or any EMC Affiliate), or change in ownership of stock in EMC (or any EMC Affiliate).

(b) VMware's Liability for Distribution Taxes . In the event of a Distribution, notwithstanding Sections 3.01 through 3.03 of this Agreement, VMware and each VMware Affiliate shall be jointly and severally liable for any Distribution Taxes, to the extent that such Distribution Taxes are attributable to, caused by, or result from, one or more of the following:

(i) any action or omission by VMware (or any VMware Affiliate) after a Distribution at any time, that is inconsistent with any information, covenant, representation, or material related to VMware, any VMware Affiliate, or the VMware Business in an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling (for the avoidance of doubt, disclosure by VMware (or any VMware Affiliate) to EMC (or any EMC Affiliate) of any action or fact that is inconsistent with any information, covenant, representation, or material submitted to Tax Counsel, the IRS, or other Taxing Authority, as applicable, in connection with an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling shall not relieve VMware (or any VMware Affiliate) of liability under this Agreement);

(ii) any action or omission by VMware (or any VMware Affiliate) after the date of a Distribution (including any act or omission that is in furtherance of, connected to, or part of a plan or series of related transactions (within the meaning of section 355(e) of the Code) occurring on or prior to the date of a Distribution) including a cessation, transfer to affiliates or disposition of the active trades or businesses of VMware (or any VMware Affiliate), stock buyback or payment of an extraordinary dividend;

(iii) any acquisition of any stock or assets of VMware (or any VMware Affiliate) by one or more other persons (other than EMC or any EMC Affiliate) prior to or following a Distribution; or

(iv) any issuance of stock by VMware (or any VMware Affiliate) after a Distribution, including any issuance pursuant to the exercise of employee stock options or other employment related arrangements or the exercise of warrants, or change in ownership of stock in VMware (or any VMware Affiliate) after a Distribution.

(c) Joint Liability for Remaining Distribution Taxes . EMC shall be liable for fifty percent (50%) and VMware and each VMware Affiliate shall be jointly and severally liable for fifty percent (50%), of any Distribution Taxes not otherwise allocated by Sections 5.01(a) or (b) of this Agreement.

5.02. Continuing Covenants .

(a) VMware Restrictions . VMware agrees that, so long as a Distribution could, in the reasonable discretion of EMC, be effectuated, VMware will not knowingly take or fail to take, or permit any VMware Affiliate to knowingly take or fail to take, any action that could reasonably be expected to preclude EMC's ability to effectuate a Distribution. In the event of a Distribution, VMware agrees that (1) it will take, or cause any VMware Affiliate to take, any action reasonably requested by EMC in order to enable EMC to effectuate a Distribution and (2) it will not take or fail to take, or permit any VMware Affiliate to take or fail to take, any action where such action or failure to act would be inconsistent with any information, covenant, representation, or material that relates to facts or matters related to VMware (or any VMware Affiliate) or within the control of VMware and is contained in an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling (except where such information, covenant, representation, or material was not previously disclosed to VMware) other than as permitted by Section 5.02(c) of this Agreement. For this purpose an action is considered inconsistent with a representation if the representation states that there is no plan or intention to take such action. In the event of a Distribution, VMware agrees that it will not take (and it will cause the VMware Affiliates to refrain from taking) any position on a Tax Return that is inconsistent with such Distribution qualifying under section 355 of the Code.

(b) EMC Restrictions . In the event of a Distribution, EMC agrees that it will not take or fail to take, or permit any EMC Affiliate to take or fail to take, any action where such action or failure to act would be inconsistent with any material, information, covenant or representation that relates to facts or matters related to EMC (or any EMC Affiliate) or within the control of EMC and is contained in an Officer's Certificate, Tax Opinion, Supplemental Tax Opinion, Ruling Documents, Supplemental Ruling Documents, Ruling, or Supplemental Ruling. For this purpose an action is considered inconsistent with a representation if the representation states that there is no plan or intention to take such action. In the event of a Distribution, EMC agrees that it will not take (and it will cause the EMC Affiliates to refrain from taking) any position on a Tax Return that is inconsistent with such Distribution qualifying under section 355 of the Code.

(c) Certain VMware Actions Following a Distribution . In the event of a Distribution, VMware agrees that, during the two (2) year period following a Distribution, without first obtaining, at VMware's own expense, either a supplemental opinion from Tax Counsel that

such action will not result in Distribution Taxes (a "Supplemental Tax Opinion") or a Supplemental Ruling that such action will not result in Distribution Taxes, unless in any such case EMC and VMware agree otherwise, VMware shall not (1) sell all or substantially all of the assets of VMware or any VMware Affiliate, (2) merge VMware or any VMware Affiliate with another entity, without regard to which party is the surviving entity, (3) transfer any assets of VMware in a transaction described in section 351 (other than a transfer to a corporation which files a Consolidated Return with VMware and which is wholly-owned, directly or indirectly, by VMware) or subparagraph (C) or (D) of section 368(a)(1) of the Code, (4) issue stock of VMware or any VMware Affiliate (or any instrument that is convertible or exchangeable into any such stock) in an acquisition or public or private offering, or (5) facilitate or otherwise participate in any acquisition of stock in VMware that would result in any shareholder owning five percent (5%) or more of the outstanding stock of VMware. VMware (or any VMware Affiliate) shall only undertake any of such actions after EMC's receipt of such Supplemental Tax Opinion or Supplemental Ruling and pursuant to the terms and conditions of any such Supplemental Tax Opinion or Supplemental Ruling or as otherwise consented to in writing in advance by EMC. The parties hereby agree that they will act in good faith to take all reasonable steps necessary to amend this Section 5.02(c), from time to time, by mutual agreement, to (i) add certain actions to the list contained herein, or (ii) remove certain actions from the list contained herein, in either case, in order to reflect any relevant change in law, regulation or administrative interpretation occurring after the date of this Agreement.

(d) Notice of Specified Transactions . Not later than twenty (20) days prior to entering into any oral or written contract or agreement, and not later than five (5) days after it first becomes aware of any negotiations, plan or intention (regardless of whether it is a party to such negotiations, plan or intention), regarding any of the transactions described in paragraph (c), VMware shall provide written notice of its intent to consummate such transaction or the negotiations, plan or intention of which it becomes aware, as the case may be, to EMC.

(e) VMware Cooperation . VMware agrees that, at the request of EMC, VMware shall cooperate fully with EMC to take any action necessary or reasonably helpful to effectuate a Distribution, including seeking to obtain, as expeditiously as possible, a Tax Opinion, Supplemental Tax Opinion, Ruling, and/or Supplemental Ruling. Such cooperation shall include the execution of any documents that may be necessary or reasonably helpful in connection with obtaining any Tax Opinion, Supplemental Tax Opinion, Ruling, and/or Supplemental Ruling (including any (i) power of attorney, (ii) Officer's Certificate, (iii) Ruling Documents, (iv) Supplemental Ruling Documents, and/or (v) reasonably requested written representations confirming that (a) VMware has read the Officer's Certificate, Ruling Documents, and/or Supplemental Ruling Documents and (b) all information and representations, if any, relating to VMware, any VMware Affiliate or the VMware Business contained therein are true, correct and complete in all material respects).

(f) Earnings and Profits . EMC will advise VMware in writing of the decrease in EMC earnings and profits attributable to a Distribution under section 312(h) of the Code on or before the first anniversary of a Distribution; provided , however , that EMC shall provide VMware with estimates of such amounts (determined in accordance with past practice) prior to such anniversary as reasonably requested by VMware.

Section 6. Indemnification.

6.01. In General . EMC and each member of the EMC Group shall jointly and severally indemnify VMware, each VMware Affiliate, and their respective directors, officers and employees, and hold them harmless from and against any and all Taxes for which EMC or any EMC Affiliate is liable under this Agreement and any loss, cost, damage or expense, including reasonable attorneys' fees and costs, that is attributable to, or results from, the failure of EMC, any EMC Affiliate or any director, officer or employee to make any payment required to be made under this Agreement. VMware and each member of the VMware Group shall jointly and severally indemnify EMC, each EMC Affiliate, and their respective directors, officers and employees, and hold them harmless from and against any and all Taxes for which VMware or any VMware Affiliate is liable under this Agreement and any loss, cost, damage or expense, including reasonable attorneys' fees and costs, that is attributable to, or results from, the failure of VMware, any VMware Affiliate or any director, officer or employee to make any payment required to be made under this Agreement.

6.02. Inaccurate or Incomplete Information . EMC and each member of the EMC Group shall jointly and severally indemnify VMware, each VMware Affiliate, and their respective directors, officers and employees, and hold them harmless from and against any cost, fine, penalty, or other expense of any kind attributable to the failure of EMC or any EMC Affiliate in supplying VMware or any VMware Affiliate with inaccurate or incomplete information, in connection with the preparation of any Tax Return. VMware and each member of the VMware Group shall jointly and severally indemnify EMC, each EMC Affiliate, and their respective directors, officers and employees, and hold them harmless from and against any cost, fine, penalty, or other expenses of any kind attributable to the failure of VMware or any VMware Affiliate in supplying EMC or any EMC Affiliate with inaccurate or incomplete information, in connection with the preparation of any Tax Return.

6.03. No Indemnification for Tax Items . Nothing in this Agreement shall be construed as a guarantee of the existence or amount of any loss, credit, carryforward, basis or other Tax Item, whether past, present or future, of EMC, any EMC Affiliate, VMware or any VMware Affiliate. In addition, for the avoidance of doubt, for purposes of determining any amount owed between the parties hereto, all such determinations shall be made without regard to any financial accounting tax asset or liability or other financial accounting items.

Section 7. Payments.

7.01. Estimated Tax Payments . Not later than three (3) days prior to each Estimated Tax Installment Date with respect to a taxable period for which a Consolidated Return or a Combined Return will be filed, VMware shall pay to EMC on behalf of the VMware Group an amount equal to the amount of any estimated VMware Separate Tax Liability that VMware otherwise would have been required to pay to a Taxing Authority on such Estimated Tax Installment Date. Not later

than seven (7) days prior to each such Estimated Tax Installment Date, EMC shall provide VMware with a written notice setting forth the amount payable by VMware in respect of such estimated VMware Separate Tax Liability and a calculation of such amount.

7.02. True-Up Payments . Not later than ten (10) business days after receipt of any VMware Separate Tax Liability computation pursuant to Section 3.05 of this Agreement, VMware shall pay to EMC, or EMC shall pay to VMware, as appropriate, an amount equal to the difference, if any, between the VMware Separate Tax Liability and the aggregate amount paid by VMware with respect to such period under Section 7.01 of this Agreement.

7.03. Redetermination Amounts . In the event of a redetermination of any Tax Item reflected on any Consolidated Return or Combined Return (other than Tax Items relating to Distribution Taxes), as a result of a refund of Taxes paid, a Final Determination or any settlement or compromise with any Taxing Authority which in any such case would affect the VMware Separate Tax Liability, EMC shall prepare a revised pro forma Tax Return in accordance with Section 2.04(b) of this Agreement for the relevant taxable period reflecting the redetermination of such Tax Item as a result of such refund, Final Determination, settlement or compromise. VMware shall pay to EMC, or EMC shall pay to VMware, as appropriate, an amount equal to the difference, if any, between the VMware Separate Tax liability reflected on such revised pro forma Tax Return and the VMware Separate Tax liability for such period as originally computed pursuant to this Agreement.

7.04. Payments of Refunds, Credits and Reimbursements . If one party receives a refund or credit of any Tax to which the other party is entitled pursuant to Section 3.03 of this Agreement, the party receiving such refund or credit shall pay to the other party the amount of such refund or credit pursuant to Section 7.05 of this Agreement. If one party pays a Tax with respect to which the other party is liable of responsible pursuant to Sections 3.01 through 3.03 of this Agreement, then the liable or responsible party shall pay to the other party the amount of such Tax pursuant to Section 7.05 of this Agreement.

7.05. Payments Under This Agreement . In the event that one party (the "Owing Party") is required to make a payment to another party (the "Owed Party") pursuant to this Agreement, then such payments shall be made according to this Section 7.05.

(a) In General . All payments shall be made to the Owed Party or to the appropriate Taxing Authority as specified by the Owed Party within the time prescribed for payment in this Agreement, or if no period is prescribed, within ten (10) days after delivery of written notice of payment owing together with a computation of the amounts due.

(b) Treatment of Payments . Unless otherwise required by any Final Determination, the parties agree that any payments made by one party to another party pursuant to this Agreement (other than (i) payments for the VMware Separate Tax Liability for any Post-Deconsolidation Period, (ii) payments of interest pursuant to Section 7.05(e) of this Agreement, and (iv) payments of After Tax Amounts pursuant to Section 7.05 (d) of this Agreement) shall be treated for all Tax and financial accounting purposes as nontaxable payments (dividend distributions or capital contributions, as the case may be) made immediately prior to the Deconsolidation Event and, accordingly, as not includible in the taxable income of the recipient or as deductible by the payor.

(c) Prompt Performance . All actions required to be taken (including payments) by any party under this Agreement shall be performed within the time prescribed for performance in this Agreement, or if no period is prescribed, such actions shall be performed promptly.

(d) After Tax Amounts . If pursuant to a Final Determination it is determined that the receipt or accrual of any payment made under this Agreement (other than payments of interest pursuant to Section 7.05(e) of this Agreement) is subject to any Tax, the party making such payment shall be liable for (a) the After Tax Amount with respect to such payment and (b) interest at the rate described in Section 7.05(e) of this Agreement on the amount of such Tax from the date such Tax accrues through the date of payment of such After Tax Amount. A party making a demand for a payment pursuant to this Agreement and for a payment of an After Tax Amount with respect to such payment shall separately specify and compute such After Tax Amount. However, a party may choose not to specify an After Tax Amount in a demand for payment pursuant to this Agreement without thereby being deemed to have waived its right subsequently to demand an After Tax Amount with respect to such payment. VMware's liability for any and all payments of the VMware Separate Tax Liability for any Post-Deconsolidation Period shall be increased by the After Tax Amount with respect to such payment and decreased by the corresponding Tax Benefit, if any, attributable to such VMware Separate Tax Liability.

(e) Interest . Payments pursuant to this Agreement that are not made within the period prescribed in this Agreement (the "Payment Period") shall bear interest for the period from and including the date immediately following the last date of the Payment Period through and including the date of payment at a per annum rate equal to the prime rate as published in *The Wall Street Journal* on the last day of such Payment Period. Such interest will be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of three hundred sixty-five (365) days and the actual number of days for which due.

Section 8. Tax Proceedings.

8.01. In General . Except as otherwise provided in this Agreement, (i) with respect to Tax Returns described in Sections 2.01(a), 2.01(b), or 2.01(d) of this Agreement, EMC and (ii) with respect to Tax Returns described in Sections 2.01(c) or 2.02 of this Agreement, VMware (in either case, the "Controlling Party"), shall have the exclusive right, in its sole discretion, to control, contest, and represent the interests of EMC, any EMC Affiliate, VMware, and/or any VMware Affiliate in any Audit relating to such Tax Return and to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any such Audit. The Controlling Party's rights shall extend to any matter pertaining to the management and control of an Audit, including execution of waivers, choice of forum, scheduling of conferences and the resolution of any Tax Item. Any costs incurred in handling, settling, or contesting an Audit shall be borne by the Controlling Party.

8.02. Participation of non-Controlling Party . Except as otherwise provided in Section 8.04 of this Agreement, the non-Controlling Party shall have control over decisions to resolve, settle or otherwise agree to any deficiency, claim or adjustment with respect to any Sole Responsibility Item. Except as otherwise provided in Section 8.04 of this Agreement, the Controlling Party and the non-Controlling Party shall have joint control over decisions to resolve, settle or otherwise agree to any deficiency, claim or adjustment with respect to any Joint Responsibility Item. Except as otherwise provided in Section 8.04 of this Agreement, the Controlling Party shall not settle any Audit it controls concerning a Tax Item on a basis that would reasonably be expected to adversely affect the non-Controlling Party by at least one hundred fifty thousand dollars ($150,000) without obtaining such non-Controlling Party's consent, which consent shall not be unreasonably withheld, conditioned or delayed if failure to consent would adversely affect the Controlling Party.

8.03. Notice . Within ten (10) business days after a party becomes aware of the existence of a Tax issue that may give rise to an indemnification obligation under this Agreement, such party shall give prompt notice to the other party of such issue (such notice shall contain factual information, to the extent known, describing any asserted tax liability in reasonable detail), and shall promptly forward to the other party copies of all notices and material communications with any Taxing Authority relating to such issue. Notwithstanding any provision in Section 10.15 of this Agreement to the contrary, if a party to this Agreement fails to provide the other party notice as required by this Section 8.03, and the failure results in a detriment to the other party then any amount which the other party is otherwise required to pay pursuant to this Agreement shall be reduced by the amount of such detriment.

8.04. Control of Distribution Tax Proceedings . In the event of a Distribution, EMC shall have the exclusive right, in its sole discretion, to control, contest, and represent the interests of EMC, any EMC Affiliate, VMware, and/or any VMware Affiliate in any Audits relating to Distribution Taxes and to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any such Audit; provided, however , that EMC shall not settle any such audit with respect to Distribution Taxes with a Taxing Authority that would reasonably be expected to result in a material Tax cost to VMware or any VMware Affiliate, without the prior consent of VMware, which consent shall not be unreasonably withheld, conditioned or delayed. EMC's rights shall extend to any matter pertaining to the management and control of such Audit, including execution of waivers, choice of forum, scheduling of conferences and the resolution of any Tax Item; provided, however , that to the extent that VMware is obligated to bear at least fifty percent (50%) of the liability for any Distribution Taxes under Section 5.01 of this Agreement, EMC and VMware shall have joint control over decisions to resolve, settle or otherwise agree to any deficiency, claim or adjustment. VMware may assume sole control of any Audits relating to Distribution Taxes if it acknowledges in writing that it has sole liability for any Distribution Taxes under Section 5.01 of this Agreement that might arise in such Audit and can demonstrate to the reasonable satisfaction of EMC that it can satisfy its liability for any such Distribution Taxes. If VMware is unable to demonstrate to the reasonable satisfaction of EMC that it will be able to satisfy its liability for such Distribution Taxes, but acknowledges in writing that it has sole liability for any Distribution Taxes under Section 5.01 of this Agreement, VMware and EMC shall have joint control over the Audit.

Section 9. Stock Options and Restricted Stock.

9.01. In General .

(a) The parties hereto agree that, so long as VMware continues to be a member of the Consolidated Group of which EMC is the common parent, EMC shall be entitled to any Tax Benefit arising by reason of (i) exercises of Options to purchase shares of EMC stock and (ii) the lapse of any restrictions with respect to shares of EMC stock subject to a substantial risk of forfeiture (within the meaning of section 83 of the Code). The parties hereto agree (i) to report all Tax deductions with respect to exercises of Options to purchase shares of EMC stock and the lapse of any restrictions with respect to shares of EMC stock subject to a substantial risk of forfeiture (within the meaning of section 83 of the Code) consistently with this Section 9.01(a), to the extent permitted by the Tax law, and (ii) that such Tax deductions shall not be considered Tax deductions of VMware or any VMware Affiliate for purposes of computing the VMware Separate Tax Liability.

(b) The parties hereto agree that, once VMware ceases to be a member of the Consolidated Group of which EMC is the common parent, so long as EMC and/or any EMC Affiliate own shares of VMware stock possessing at least twenty percent (20%) of the total voting power of all of the issued and outstanding shares of VMware stock, VMware shall pay the amount of the Tax Benefit arising by reason of (i) exercises of Options to purchase shares of EMC stock and (ii) the lapse of any restrictions with respect to shares of EMC stock subject to a substantial risk of forfeiture (within the meaning of section 83 of the Code) to EMC.

(c) The parties hereto agree that, once the shares of VMware stock owned by EMC and any EMC Affiliates possess less than twenty percent (20%) of the total voting power of all of the issued and outstanding shares of VMware stock, then upon the exercise of any Option to purchase shares of EMC stock by any VMware Group employee of former employee, VMware shall pay to EMC an amount equal to the excess of (i) the fair market value of such shares of EMC stock issued, over (ii) the strike price paid by the VMware Group employee of former employee with respect thereto.

9.02. Notices, Withholding, Reporting . EMC shall promptly notify VMware of any post-IPO Date event giving rise to income to any VMware Group employees or former employees in connection with exercises of Options to purchase shares of EMC stock or the lapse of any restrictions with respect to shares of EMC stock subject to a substantial risk of forfeiture (within the meaning of section 83 of the Code). If required by the Tax law, VMware shall withhold applicable Taxes and satisfy applicable Tax reporting obligations in connection therewith.

9.03. Adjustments . If VMware or any VMware Affiliate as a result of a Final Determination or any settlement or compromise with any Taxing Authority receives any Tax Benefit to which EMC is entitled under Section 9.01 of this Agreement, VMware shall pay the amount of such Tax Benefit to EMC. If EMC or any EMC Affiliate as a result of a Final

Determination or any settlement or compromise with any Taxing Authority receives any Tax Benefit to which VMware is entitled under Section 9.01 of this Agreement, EMC shall pay the amount of such Tax Benefit to VMware.

Section 10. Miscellaneous Provisions.

10.01. Effectiveness . This Agreement shall become effective upon execution by the parties hereto.

10.02. Cooperation and Exchange of Information .

(a) Cooperation . VMware and EMC shall each cooperate fully (and each shall cause its respective affiliates to cooperate fully) with all reasonable requests from another party for information and materials not otherwise available to the requesting party in connection with the preparation and filing of Tax Returns, claims for refund, and Audits concerning issues or other matters covered by this Agreement or in connection with the determination of a liability for Taxes or a right to a refund of Taxes. Such cooperation shall include:

(i) the retention until the expiration of the applicable statute of limitations, and the provision upon request, of copies of all Tax Returns, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to the Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

(ii) the execution of any document that may be necessary or reasonably helpful in connection with any Tax Proceeding, or the filing of a Tax Return or refund claim by a member of the EMC Group or the VMware Group, including certification, to the best of a party's knowledge, of the accuracy and completeness of the information it has supplied; and

(iii) the use of the party's reasonable best efforts to obtain any documentation that may be necessary or reasonably helpful in connection with any of the foregoing. Each party shall make its employees and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters.

(b) Retention of Records . Any party that is in possession of documentation of EMC (or any EMC Affiliate) or VMware (or any VMware Affiliate) relating to the VMware Business, including books, records, Tax Returns and all supporting schedules and information relating thereto (the "VMware Business Records") shall retain such VMware Business Records for a period of seven (7) years following the IPO Date. Thereafter, any party wishing to dispose of VMware Business Records in its possession (after the expiration of the applicable statute of limitations), shall provide written notice to the other party describing the documentation proposed to be destroyed or disposed of sixty (60) business days prior to taking such action. The other party may arrange to take delivery of any or all of the documentation described in the notice at its expense during the succeeding sixty (60) day period.

10.03. Dispute Resolution . In the event that EMC and VMware disagree as to the amount or calculation of any payment to be made under this Agreement, or the interpretation or application of any provision under this Agreement, the parties shall attempt in good faith to resolve such dispute. If such dispute is not resolved within sixty (60) business days following the commencement of the dispute, EMC and VMware shall jointly retain a nationally recognized law or accounting firm, which firm is independent of both parties (the "Independent Firm"), to resolve the dispute. The Independent Firm shall act as an arbitrator to resolve all points of disagreement and its decision shall be final and binding upon all parties involved. Following the decision of the Independent Firm, EMC and VMware shall each take or cause to be taken any action necessary to implement the decision of the Independent Firm. The fees and expenses relating to the Independent Firm shall be borne equally by EMC and VMware, except that if the Independent Firm determines that the position advanced by either party is frivolous, has not been asserted in good faith or for which there is not substantial authority, one hundred percent (100%) of the fees and expenses of the Independent Firm shall be borne by such party. Notwithstanding anything in this Agreement to the contrary, the dispute resolution provisions set forth in this Section 10.03 shall not be applicable to any disagreement between the parties relating to Distribution Taxes and any such dispute shall be settled in a court of law or as otherwise agreed to by the parties.

10.04. Notices . All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed given upon (a) a transmitter's confirmation of a receipt of a facsimile transmission (but only if followed by confirmed delivery of a standard overnight courier the following business day or if delivered by hand the following business day), (b) confirmed delivery of a standard overnight courier or when delivered by hand or (c) the expiration of ten (10) business days after the date mailed by certified or registered mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to EMC or any EMC Affiliate, to the Director of Corporate Tax of EMC, with a copy to the General Counsel of EMC, at:

EMC Corporation
176 South Street
Hopkinton, Massachusetts 01748
Attention: [_____]

If to VMware or any VMware Affiliate, to Director of Corporate Tax of VMware, with a copy to the General Counsel of VMware, at:

VMware, Inc.
3401 Hillview Avenue
Palo Alto, California 94304
Attention: Chief Financial Officer

Either party may, by written notice to the other parties, change the address or the party to which any notice, request, instruction or other documents is to be delivered.

10.05. Changes in Law .

(a) Any reference to a provision of the Code or a law of another jurisdiction shall include a reference to any applicable successor provision or law.

(b) If, due to any change in applicable law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated thereby shall become impracticable or impossible, the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

10.06. Confidentiality . Each party shall hold and cause its directors, officers, employees, advisors and consultants to hold in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of its counsel, by other requirements of law, all information (other than any such information relating solely to the business or affairs of such party) concerning the other parties hereto furnished it by such other party or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (1) in the public domain through no fault of such party or (2) later lawfully acquired from other sources not under a duty of confidentiality by the party to which it was furnished), and each party shall not release or disclose such information to any other person, except its directors, officers, employees, auditors, attorneys, financial advisors, bankers and other consultants who shall be advised of and agree to be bound by the provisions of this Section 10.06. Each party shall be deemed to have satisfied its obligation to hold confidential information concerning or supplied by the other party if it exercises the same care as it takes to preserve confidentiality for its own similar information.

10.07. Successors . This Agreement shall be binding on and inure to the benefit and detriment of any successor, by merger, acquisition of assets or otherwise, to any of the parties hereto, to the same extent as if such successor had been an original party.

10.08. Affiliates . EMC shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any EMC Affiliate, and VMware shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any VMware Affiliate; provided , however , that, if it is contemplated that an EMC Affiliate may cease to be an EMC Affiliate as a result of a transfer of its stock or other ownership interests to a third party in exchange for consideration in an amount approximately equal to the fair market value of the stock or other ownership interests transferred and such consideration is not distributed outside of the EMC Group to the shareholders of EMC, then (a) VMware shall execute a release of such EMC Affiliate from its obligations under this Agreement effective as of such transfer provided that EMC shall have confirmed in writing its obligations and the obligations of its remaining EMC Affiliates with respect to their own obligations and the obligations of the departing EMC Affiliate and that such departing EMC Affiliate shall have executed a release of any rights it may have against VMware or any VMware Affiliate by reason of this Agreement, or (b) EMC shall acknowledge in writing no later than thirty (30) days prior to such cessation that it shall bear one hundred percent

(100%) of the liability for the obligations of EMC and each EMC Affiliate (including the departing EMC Affiliate) under this Agreement. If at any time VMware shall, directly or indirectly, obtain beneficial ownership of more than fifty percent (50%) of the total combined voting power of any other entity, VMware shall cause such entity to become a party to this Agreement by executing together with EMC an agreement in substantially the same form as set forth in Schedule 10.08 and such entity shall have all rights and obligations of an VMware Affiliate under this Agreement.

10.09. Authorization, Etc . Each of the parties hereto hereby represents and warrants that it has the power and authority to execute, deliver and perform this Agreement, that this Agreement has been duly authorized by all necessary corporate action on the part of such party, that this Agreement constitutes a legal, valid and binding obligation of each such party and that the execution, delivery and performance of this Agreement by such party does not contravene or conflict with any provision of law or of its charter or bylaws or any agreement, instrument or order binding on such party.

10.10. Entire Agreement . This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes any prior tax sharing agreements between EMC (or any EMC Affiliate) and VMware (or any VMware Affiliate) and such prior tax sharing agreements shall have no further force and effect. If, and to the extent, the provisions of this Agreement conflict with any agreement entered into in connection with a Distribution or another Deconsolidation Event, the provisions of this Agreement shall control.

10.11. Applicable Law; Jurisdiction . EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY AND UNCONDITIONALLY (i) AGREES THAT THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND ALL DISPUTES, CONTROVERSIES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION OR VALIDITY HEREOF SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MASSACHUSETTS, EXCLUDING ANY CONFLICTS OF LAW RULES, (ii) TO BE SUBJECT TO, AND HEREBY CONSENTS AND SUBMITS TO, THE JURISDICTION OF THE COURTS OF THE STATE OF MASSACHUSETTS AND OF THE FEDERAL COURTS SITTING IN THE STATE OF MASSACHUSETTS, (iii) TO THE EXTENT SUCH PARTY IS NOT OTHERWISE SUBJECT TO SERVICE OF PROCESS IN THE STATE OF MASSACHUSETTS, HEREBY APPOINTS THE CORPORATION TRUST COMPANY, AS SUCH PARTY'S AGENT IN THE STATE OF MASSACHUSETTS FOR ACCEPTANCE OF LEGAL PROCESS AND (iv) AGREES THAT SERVICE MADE ON ANY SUCH AGENT SET FORTH IN (iii) ABOVE SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF MASSACHUSETTS.

10.12. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

10.13. Severability . If any term, provision, covenant, or restriction of this Agreement is held by a court of competent jurisdiction (or an arbitrator or arbitration panel) to be invalid, void,

or unenforceable, the remainder of the terms, provisions, covenants, and restrictions set forth herein shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated. In the event that any such term, provision, covenant or restriction is held to be invalid, void or unenforceable, the parties hereto shall use their best efforts to find and employ an alternate means to achieve the same or substantially the same result as that contemplated by such terms, provisions, covenant, or restriction.

10.14. No Third Party Beneficiaries . This Agreement is solely for the benefit of EMC, the EMC Affiliates, VMware and the VMware Affiliates. This Agreement should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, cause of action or other rights in excess of those existing without this Agreement.

10.15. Waivers, Etc . No failure or delay on the part of a party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement nor consent to any departure by the parties therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

10.16. Setoff . All payments to be made by any party under this Agreement may be netted against payments due to such party under this Agreement, but otherwise shall be made without setoff, counterclaim or withholding, all of which are hereby expressly waived.

10.17. Other Remedies . VMware recognizes that any failure by it or any VMware Affiliate to comply with its obligations under Section 5 of this Agreement would, in the event of a Distribution, result in Distribution Taxes that would cause irreparable harm to EMC, EMC Affiliates, and their stockholders. Accordingly, EMC shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which EMC is entitled at law or in equity.

10.18. Amendment and Modification . This Agreement may be amended, modified or supplemented only by a written agreement signed by all of the parties hereto.

10.19. Waiver of Jury Trial . Each of the parties hereto irrevocably and unconditionally waives all right to trial by jury in any litigation, claim, action, suit, arbitration, inquiry, proceeding, investigation or counterclaim (whether based in contract, tort or otherwise) arising out of or relating to this Agreement or the actions of the parties hereto in the negotiation, administration, performance and enforcement thereof.

10.20. Interpretations . The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement they shall be

deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified. The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by a duly authorized officer as of the date first above written.

EMC CORPORATION
on behalf of itself and each of the EMC Affiliates

By: _____
Name: [name]
Title: [title]

VMWARE, INC.
on behalf of itself and each of the VMware Affiliates

By: _____
Name: [name]
Title: [title]

Schedule 10.08

WHEREAS, VMware, a Delaware corporation ("VMware"), owns, directly or indirectly, [all/more than fifty percent (50%)] of the outstanding stock or interests in the undersigned;

WHEREAS, the undersigned is not a party to that certain Tax Sharing Agreement, dated as of [DATE], by and among EMC, each EMC Affiliate, VMware and each VMware Affiliate (as defined therein) (the "Agreement"); and

WHEREAS, the undersigned, EMC and VMware desire to have the undersigned become a party to the Agreement and to have all rights and obligations of a party to the Agreement.

NOW, THEREFORE, in consideration of mutual obligations and undertakings contained in the Agreement, the parties agree that the undersigned shall become a party to the Agreement and shall have all rights and obligations of a party to the Agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates accompanying their respective signatures, but effective as of _____.

EMC CORPORATION

By: _____
Title: _____
Dated: _____

VMWARE, INC.

By: _____
Title: _____
Dated: _____

[NAME]

By: _____
Title: _____
Dated: _____

EXHIBIT 10.5

FORM OF

EMPLOYEE BENEFITS AGREEMENT

BETWEEN EMC CORPORATION AND

VMWARE, INC.

EMPLOYEE BENEFITS AGREEMENT

This EMPLOYEE BENEFITS AGREEMENT, dated as of June [ ], 2007, is between EMC Corporation, a Massachusetts corporation ("EMC"), and VMware, Inc., a Delaware corporation and a wholly owned subsidiary of EMC ("VMware").

WHEREAS, EMC is the beneficial owner of all the issued and outstanding common stock of VMware;

WHEREAS, EMC, through VMware, is engaged in the business of virtual infrastructure technology (the "VMware Business"), as more completely described in a Registration Statement on Form S-1 (File No. [ ]) filed with the Securities and Exchange Commission ("Commission") under the Securities Act, as amended (the "IPO Registration Statement");

WHEREAS, EMC and VMware currently contemplate that VMware will make an initial public offering ("IPO") pursuant to the aforementioned Registration Statement; and

WHEREAS, in furtherance of the foregoing, EMC and VMware have entered into a Master Transaction Agreement, dated as of [ ], 2007 (the "Master Transaction Agreement"), and other specific agreements that will govern certain matters relating to the IPO and the relationship of EMC, VMware, and their respective Affiliated Companies following the IPO; and

WHEREAS, EMC and VMware have agreed to provide for the allocation between them of assets, liabilities, and responsibilities with respect to certain employees and employee compensation and benefit plans, programs and matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, EMC and VMware mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement the following terms shall have meanings set forth in this Section 1. Capitalized terms used but not defined herein shall have the meaning set forth in the Master Transaction Agreement:

1.1 "Agreement" means this Employee Benefits Agreement.

1.2 "COBRA" means the continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and as codified in Code Section 4980B and ERISA Sections 601 through 608.

1.3 "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor federal income tax law, and the regulations promulgated thereunder.

1.4 "EMC" is defined in the recitals to this Agreement.

1.5 "EMC Employee" means any individual who, as of the IPO Date, is either actively employed by or then on a leave of absence from EMC or an EMC Entity, but does not include any EMC Transferee or any VMware Employee.

1.6 "EMC Entity" means any entity that is, at the time relevant to the applicable provision of this Agreement, an Affiliated Company of EMC, except that, for periods beginning as of the IPO Date, the term "EMC Entity" shall not include VMware or a VMware Entity.

1.7 "EMC Plan" means any plan, policy, program, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle, to the extent amended from time to time, other than a VMware Plan, for which the eligible classes of participants include employees or former employees of EMC or an EMC Entity.

1.8 "EMC Savings Plan" means the EMC Corporation 401(k) Savings Plan.

1.9 "EMC Transferees" means the individuals whose names are set forth on Schedule A hereto, as such list may be amended from time to time by mutual agreement of the parties.

1.10 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time and the regulations promulgated thereunder.

1.11 "Exchange Offer" means the exchange offer that will enable VMware Employees to exchange their outstanding equity awards granted under EMC's equity incentive plans for equity awards to be granted under the 2007 Plan (as hereinafter defined).

1.12 "HIPAA" means the health insurance portability and accountability requirements for "group health plans" under the Health Insurance Portability and Accountability Act of 1996, as amended from time to time.

1.13 "Participating Company" means (a) EMC, (b) any Person (other than an individual) that EMC has approved as a participating employer or sponsor, and which is participating in an EMC Plan, and (c) any Person (other than an individual) which, by the terms of such plan, participates in such EMC Plan.

1.14 "VMware Employee" means any individual who, as of the IPO Date, is either actively employed by or then on a leave of absence from VMware or a VMware Entity.

1.15 "VMware Entity" means VMware and any subsidiary of VMware.

1.16 "VMware 401(k) Plan" means a qualified 401(k) savings plan sponsored by VMware.

1.17 "VMware Plan" means any plan, policy, program, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle, as amended from time to time, for which the eligible classes of participants are limited to employees or former employees of VMware or a VMware Entity, including the VMware Revenue and Profit Contribution Plan and the VMware Management by Objectives Plan.

1.18 "U.S. Health or Welfare Benefit Plan" means any of the employee benefit plans and programs set forth on Schedule B hereto.

ARTICLE II

GENERAL PRINCIPLES

2.1 Assumption and Retention of Liabilities by VMware . As of the IPO Date, and except as otherwise explicitly provided herein, VMware shall retain or assume and agree to pay, perform, fulfill, and discharge, as the case may be, (i) all Liabilities under VMware Plans, (ii) all employment or service-related Liabilities with respect to (A) all VMware Employees (and their dependents and beneficiaries) for all periods of employment with VMware or a VMware Entity, (B) all former employees of VMware or a VMware Entity (and their dependents and beneficiaries) for all periods of employment with VMware or a VMware Entity, and (C) any Person or individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other similar direct contractual relationship with VMware or a VMware Entity.

2.2 Assumption and Retention of Liabilities by EMC . Except as otherwise explicitly provided herein, EMC shall retain and agree to pay, perform, fulfill and discharge, as the case may be (i) all Liabilities under the EMC Plans, (ii) all employment or service-related Liabilities with respect to (A) all EMC Employees (and their dependents and beneficiaries), (B) all former employees of EMC or an EMC Entity, (C) all EMC Transferees until such time as their employment is transferred to VMware or a VMware Entity pursuant to the provisions of Section 2.4 hereof, and (D) any Person who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker or non-payroll worker or in any other contractual relationship with EMC or an EMC Entity.

2.3 Terms of Participation by VMware Employees in VMware Plans . To the extent applicable, EMC and VMware shall adopt, or cause to be adopted, all reasonable and necessary plan amendments and procedures to prevent the IPO from being deemed to be a termination of employment for purposes of any EMC Plan or any VMware Plan.

2.4 EMC Transferees . No EMC Transferee shall become an employee of VMware or a VMware Entity unless and until such time as EMC and VMware agree to effect a transfer of employment and agree upon the terms and conditions thereof, including the allocation of all assets, Liabilities and obligations, all of which shall be set forth in a separate written agreement covering such EMC Transferees. Unless and until such time as a transfer of employment is mutually agreed upon, EMC will continue to employ and compensate the EMC Transferees in the same manner and to the same extent as prior to the IPO Date, and VMware or a VMware Entity shall continue to compensate EMC for such services in the same manner and to the same extent as immediately prior to the IPO Date, subject to the existing arrangements in effect with respect to such EMC Transferees. At VMware's request, EMC shall engage in the hiring or engaging the services of employees after the IPO Date to provide services in accordance with the same procedures and arrangements as in effect immediately prior to the IPO Date and VMware shall continue to reimburse EMC for such services in accordance with such procedures and arrangements or upon terms and conditions substantially similar thereto in those jurisdictions where EMC and VMware do not have existing arrangements in place as of the IPO Date, as the case may be. Any such individuals hired by EMC or an EMC Entity after the IPO Date shall be added from time to time to the list of EMC Transferees set forth in Schedule A hereto.

2.5 Continuation of Independent Contractor Arrangements . Unless otherwise requested by VMware, EMC shall continue to maintain (and renew if necessary) all agreements and arrangements with independent contractors and consultants who directly or indirectly provide services for VMware or a VMware Entity, and VMware shall continue to pay or reimburse EMC for the cost of such services in the ordinary course in accordance with the procedures and arrangements used by the parties immediately prior to the IPO Date. After the IPO Date, VMware may request EMC to transfer or assign one or more of such arrangements or agreements to VMware or a VMware Entity, in which case the parties shall mutually agree upon the terms of any such transfer or assignment at such time.

ARTICLE III

DEFINED CONTRIBUTION PLAN

3.1 VMware 401(k) Plan .

(a) VMware, Inc. 401(k) Savings Plan and Trust . In no event later than 180 days following the IPO Date (the "Implementation Date"), VMware shall adopt a defined contribution savings plan qualified under Section 401(a) of the Code and establish a related trust exempt from taxation under Section 501(a) of the Code. Until the completion of the transfer of employee accounts pursuant to Section 3.1(b) hereof, all eligible VMware Employees shall continue to be entitled to participate in the EMC Savings Plan on the same terms and conditions as in effect immediately prior to the IPO Date and any employees hired by VMware or a VMware Entity after the IPO Date but prior to the Implementation Date shall be permitted to participate in the EMC Savings Plan in accordance with the terms thereof.

(b) Assumption of Liabilities and Transfer of Assets . EMC and VMware shall use reasonable best efforts to cause, in the manner described herein, the accounts under the EMC Savings Plan of each eligible current VMware Employee to be transferred to the VMware 401(k) Plan as soon as practicable after the adoption of the VMware 401(k) Plan. As soon as practicable after such date: (i) EMC shall cause the accounts (including any outstanding loan balances) of each eligible current VMware Employee in the EMC Savings Plan to be transferred to the VMware 401(k) Plan and its related trust in kind based on the investment election of the individuals in accordance with Sections 401(a)(12), 411(d)(6) and 414(l) of the Code; (ii) VMware (or any successor VMware Entity) and the VMware 401(k) Plan shall assume and be solely responsible for all Liabilities under the VMware 401(k) Plan relating to the accounts that are so transferred as of the time of such transfer; and (iii) VMware shall cause such transferred accounts to be accepted by the VMware 401(k) Plan and its related trust and shall cause the VMware 401(k) Plan to satisfy all protected benefit requirements under the Code and applicable law with respect to the transferred accounts. In determining whether a VMware Employee is vested in his or her account under the VMware 401(k) Plan, the

VMware 401(k) Plan shall credit each VMware Employee with all the individual's service credited under the EMC Savings Plan; provided, however, that in no event shall VMware be required to provide any service or any other benefit-affecting credits to any individual to the extent that the provision of such credits would result in any duplication of benefits. Immediately prior to the date upon which the transfer described above occurs, EMC shall contribute to the EMC Savings Plan all matching contributions, if any, due to the VMware Employees pursuant to the terms and conditions of such Plan for periods prior to the transfer date. Notwithstanding anything contained herein to the contrary, the transfer described herein shall not take place prior to the 31st day following the filing of any required Forms 5310-A in connection therewith.

ARTICLE IV

HEALTH AND WELFARE PLANS AND FOREIGN BENEFIT PLANS

4.1 Retention of Health and Welfare Plan Liabilities . EMC shall retain its obligations and Liabilities under any EMC Plan which is a U.S. Health or Welfare Benefit Plan and VMware shall retain its obligations and Liabilities under any VMware Plan that is a U.S. Health or Welfare Benefit Plan.

4.2 Continued Participation in Foreign EMC Plans . After the IPO Date, EMC shall permit VMware Employees working outside of the United States to enroll and participate in, or to continue to be eligible and/or participate in, the EMC Plans pursuant to the arrangements in place immediately prior to the IPO Date, or on terms substantially similar to the terms of such arrangements, as the case may be, including the reimbursement arrangements between the parties, unless and until VMware provides EMC with at least ninety (90) days' written notice of its intention to discontinue the participation of some or all such employees in the EMC Plans.

ARTICLE V

INCENTIVE AND EQUITY COMPENSATION MATTERS

5.1 EMC Equity Incentive Plans . All outstanding options to purchase shares of EMC and other EMC equity awards held by VMware Employees and the EMC Transferees that are not exchanged pursuant to the Exchange Offer shall continue to vest and remain outstanding until the earlier of (i) the date the option or other award is exercised or expires under the terms of the award agreement or (ii) the date the employee is deemed to have "terminated" as defined in the plan under which the award was granted or, if later, the end of any post-termination exercise period specified in the award agreement or by the plans' administrative committees.

5.2 Approval of Plans . Prior to the IPO Date, VMware shall adopt (i) the VMware, Inc. 2007 Equity and Incentive Plan (the "2007 Plan"), and (ii) an employee stock purchase plan intended to comply with the requirements of Section 423 of the Code (the "VMware ESPP"), and EMC shall approve each such plan as VMware's sole shareholder prior to the IPO Date.

5.3 EMC Employee Stock Purchase Plan . EMC shall take such action as is necessary or appropriate to cause VMware and each VMware Entity to cease to be participating entities in the EMC Employee Stock Purchase Plan (the "EMC ESPP") effective as of the IPO Date and the cash balance in the accounts of all VMware Employees shall be administered in accordance with the terms of the EMC ESPP.

5.4 Registration Requirements . Within six (6) months after the IPO Date, VMware agrees that it shall cause to be registered pursuant to the Securities Act of 1933, as amended, any shares of VMware Common Stock authorized for issuance under the 2007 Plan, the VMware ESPP and the VMware 401(k) Plan. EMC shall use commercially reasonable efforts to assist VMware in completing any such registrations.

ARTICLE VI

EXCLUSIVE OWNERSHIP OF DEVELOPMENTS AND BENEFITS OF EMPLOYMENT OF EMC TRANSFEREES

6.1 EMC and VMware intend and agree that all product created by the EMC Transferees, regardless of whether any of the foregoing is eligible for protection under patent, copyright, trademark or trade secret law (hereinafter, "Work Product") created, invented, developed or conceived in the course of such employees' performance of duties solely for the benefit of VMware shall be considered "works made for hire" by such employees for VMware, and all rights and intellectual property rights therein shall be owned by VMware. To the extent that any such Work Product is deemed not to be "works made for hire" or not otherwise initially owned by VMware and to the extent that any such Work Product is deemed to be owned exclusively by EMC, EMC and its Affiliated Companies hereby assign all rights and intellectual property rights exclusively arising therein to VMware subject to EMC's intellectual property rights. To the extent any court of competent jurisdiction holds such assignment to be invalid with respect to any specific Work Product, the above assignment shall be deemed modified to a worldwide, perpetual, transferable, sublicensable license with respect thereto, and the above assignment to VMware of all other Work Product of such employees shall not be affected thereby. To the extent there is a conflict between this Section 6 and the Intellectual Property Agreement with respect to the matters set forth in this Section 6, this Section 6 shall prevail.

6.2 EMC and its Affiliated Companies agree to perform, at VMware's request and expense, any acts that may be necessary or desirable to vest, protect and perfect ownership of the rights set forth in Section 6.1 above by VMware including, but not limited to, any assistance requested by VMware in searching for and cataloging the Work Product.

ARTICLE VII

GENERAL AND ADMINISTRATIVE

7.1 Payment of Liabilities . VMware shall continue to pay or reimburse EMC promptly for the services rendered by the EMC Transferees after the IPO Date in accordance with the arrangements in place between EMC and VMware immediately prior to the IPO Date unless and until such EMC Transferees commence employment with VMware or a VMware Entity pursuant to the provisions of Section 2.4 hereof.

7.2 Sharing of Participant Information . EMC and VMware shall share, EMC shall cause each applicable EMC Entity to share, and VMware shall cause each applicable VMware Entity to share, with each other and their respective agents and vendors (and without obtaining releases unless otherwise required by applicable law) all participant information necessary for the efficient and accurate administration of each of the EMC Plans and the VMware Plans. EMC and VMware and their respective authorized agents shall, subject to applicable laws on confidentiality, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party, to the extent necessary for such administration. Until the consummation of the IPO, all participant information shall be provided in the manner and medium applicable to Participating Companies in the EMC Plans generally, and thereafter until the time at which the parties subsequently determine, all participant information shall be provided in a manner and medium that are compatible with the data processing systems of EMC as in effect as of the consummation of the IPO, unless otherwise agreed to by EMC and VMware.

7.3 Confidentiality and Proprietary Information . No provision of the Master Transaction Agreement or this Agreement shall be deemed to release any individual for any violation of any agreement or policy pertaining to confidential or proprietary information of EMC or any of its Affiliated Companies or of VMware or any of its Affiliated Companies, respectively, or otherwise relieve any individual of his or her obligations under any such agreements or policies.

7.4 Non-Termination of Employment; No Third Party Beneficiaries . No provision of this Agreement or the Master Transaction Agreement shall be construed to (i) create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any future, present, or former employee of EMC, an EMC Entity, VMware, or a VMware Entity under any EMC Plan or VMware Plan or otherwise or (ii) to be for the benefit of or otherwise enforceable by employee, creditor or any other third party. Without limiting the generality of the foregoing: (i) except as expressly provided in this Agreement, neither the occurrence of the consummation of the IPO nor any termination of the Participating Company status of VMware or a VMware Entity shall cause any employee to be deemed to have incurred a termination of employment which entitles such individual to the commencement of benefits under any of the VMware Plans; (ii) except as expressly provided in this Agreement, nothing in this Agreement shall preclude VMware or any VMware Entity, at any time after the consummation of the IPO, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any VMware Plan, any benefit under any Plan or any trust, insurance policy or funding vehicle related to any VMware Plan; and (iii) except as expressly provided in this Agreement, nothing in this Agreement shall preclude EMC or any EMC Entity, at any time prior to or after the consummation of the IPO, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any EMC Plan, any benefit under any Plan or any trust, insurance policy or funding vehicle related to any EMC Plan.

7.5 Fiduciary Matters . EMC and VMware each acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct

under ERISA or other applicable law, and no party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good faith determination that to do so would violate such a fiduciary duty or standard. Each party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release the other party for any Liabilities imposed on such party pursuant to the provisions of this Agreement by the failure to satisfy any such responsibility.

7.6 Consent of Third Parties . If any provision of this Agreement is dependent on the consent of any third party (such as a vendor) and such consent is withheld, EMC and VMware shall use commercially reasonable efforts to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, EMC and VMware shall negotiate in good faith to implement the provision in a mutually satisfactory manner. The phrase "commercially reasonable efforts" as used herein shall not be construed to require the incurrence of any non-routine or unreasonable expense or liability or the waiver of any right.

7.7 Cooperation . The parties agree to, and to cause their Affiliated Companies to, cooperate and use reasonable efforts to promptly (a) comply with all requirements of this Agreement, ERISA, the Code and other laws which may be applicable to the matters addressed herein, and (b) subject to applicable law, provide each other with such information reasonably requested by the other party to assist the other party in administering its plans and programs and complying with applicable law and regulations and the terms of this Agreement.

ARTICLE VIII

MISCELLANEOUS

8.1 Consent . Any consent of either party pursuant to this Agreement shall not be effective unless it is in writing and evidenced by the signature of the General Counsel of such party (or such other person that the General Counsel has specifically authorized in writing to give such consent).

8.2 Limitation of Liability . IN NO EVENT SHALL ANY MEMBER OF THE EMC GROUP OR VMWARE GROUP BE LIABLE TO ANY OTHER MEMBER OF THE EMC GROUP OR VMWARE GROUP FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATIONS SHALL NOT LIMIT EACH PARTY'S INDEMNIFICATION OBLIGATIONS FOR LIABILITIES AS SET FORTH IN ANY ANCILLARY AGREEMENT.

8.3 Entire Agreement . This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and thereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof and thereof.

8.4 Governing Law and Jurisdiction . This Agreement, including the validity hereof and the rights and obligations of the parties hereunder, shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed entirely in such Commonwealth (without giving effect to the conflicts of laws provisions thereof). The Parties agree that the courts of The Commonwealth of Massachusetts shall have exclusive jurisdiction over all actions between the Parties.

8.5 Termination; Amendment . Subject to any undertaking given by either or both parties hereto, this Agreement may be terminated or amended at any time by mutual consent of EMC and VMware, evidenced by an instrument in writing signed on behalf of each of the parties. In the event of termination pursuant to this Section 8.5, no party shall have any liability of any kind to the other party.

8.6 Notices . Notices, offers, requests or other communications required or permitted to be given by either party pursuant to the terms of this Agreement shall be given in writing to the respective Parties to the following addresses:

if to EMC:

EMC Corporation
176 South Street
Hopkinton, MA 01748
Attention: Office of the General Counsel
Facsimile: (508) 497-6915

if to VMware:

VMware Inc.
3145 Porter Drive
Palo Alto, CA 94304
Attention: Office of the General Counsel
Fax: [ ]

with a copy to:

[ ]
Attention:
Fax:

or to such other address or facsimile number as the party to whom notice is given may have previously furnished to the other in writing as provided herein. Any notice involving non-performance, termination, or renewal shall be sent by hand delivery, recognized overnight courier or, within the United States, may also be sent via certified mail, return receipt requested. All other notices may also be sent by facsimile, confirmed by first class mail. All notices shall be deemed to have been given when received, if hand delivered; when transmitted, if transmitted by facsimile or similar electronic transmission method; one working day after it is sent, if sent by recognized overnight courier; and three days after it is postmarked, if mailed first class mail or certified mail, return receipt requested, with postage prepaid.

8.7 Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

8.8 Binding Effect; Assignment . This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. This Agreement may be enforced separately by each member of the EMC Group and each member of the VMware Group. Neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, either party may assign this Agreement to a successor entity in conjunction with such party's reincorporation in another jurisdiction or into another business form.

8.9 Severability . If any term or other provision of this Agreement is determined by a court, administrative agency or arbitrator to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible.

8.10 Failure or Indulgence not Waiver; Remedies Cumulative . No failure or delay on the part of either party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.11 Authority . Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

8.12 Interpretation . The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Employee Benefits Agreement to be duly executed as of the day and year first above written.

EMC CORPORATION

Name:
Title:

VMWARE, INC.

Name:
Title:

EXHIBIT 10.6

FORM OF

REAL ESTATE LICENSE AGREEMENT

This REAL ESTATE LICENSE AGREEMENT (this "License Agreement") is made as of the [ ] of [ ] 2007, between EMC Corporation, a Massachusetts corporation having its principal office at 176 South Street, Hopkinton, Massachusetts ("Licensor"), and VMware, Inc., a Delaware corporation having its principal office at 3401 Hillview, Drive Palo Alto, California ("Licensee").

WITNESSETH:

WHEREAS, by those certain lease agreements set forth on Schedule I annexed hereto and incorporated herein (the "Leases" and individually "Lease"), Licensor did hire and lease those certain spaces more particularly described in the Leases (the "Premises") and is the current holder of the leasehold estates created thereby;

WHEREAS, the parties desire, by this License Agreement, to provide for the licensing by Licensor to Licensee of the right to use and occupy certain spaces as set forth in Schedule II annexed hereto and made a part hereof (each space to be referred to herein as a "License Area" and collectively the "License Areas"), each of which is located in the Premises as set forth in the related Leases; and

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. License .

(a) Licensor hereby grants to Licensee a license (the "License") to use and occupy the License Areas and rights of access thereto for the purposes hereinafter provided along with the right to use all equipment, furniture and fixtures, including communications and information systems equipment, cabling and appurtenant items that are owned by Licensor and located in the License Areas as of the "Commencement Date" (as such term is defined hereafter), for the applicable "License Period" (as such term is defined in paragraph 2 hereof). In connection with its use of each License Area and to the extent applicable, Licensee shall also have the non-exclusive right to use (a) in common with Licensor and the other occupants of the building in which the Premises are located, the common areas outside the Premises that Licensor has the right to use and (b) in common with the Licensor and the other occupants of the Premises, the hallways, stairways, elevators, restrooms, kitchens, break rooms, photocopy rooms, facsimile rooms, conference rooms and other areas of the Premises (including the equipment and supplies located therein) that may be reasonably necessary for Licensee’s use of the Premises, except those areas that Licensor may reasonably designate as private.

(b) Licensee has inspected and is familiar with the License Areas and accepts same and the contents thereof in their "as is" condition as of the Commencement Date. Licensor shall not be required to perform any work or furnish any materials in order to prepare the License Areas for Licensee's occupancy.

(c) The License Areas shall be defined as (i) Commingled and (ii) Demised License Areas. The Commingled License Area shall mean a License Area that is occupied by both Licensor and Licensee with no physical segregation by walls or partitions. The Demised License Areas shall mean a License Area that is physically segregated by walls or partitions for the purpose of Licensee's sole and exclusive occupancy.

2. License Period .

(a) The License Period for each License Area shall commence on [ ] [ ], 2007(the "Commencement Date") and, subject to the provisions of subparagraphs (b) and (c) below (as and to the extent applicable), shall expire (subject to sooner termination as hereinafter provided) at 11:59 P.M. on the date (the "Expiration Date') that is one (1) day prior to the expiration date of the term of the related Lease covering the related License Area, unless sooner terminated pursuant to any term or provision hereof or pursuant to law. For the avoidance of doubt, Schedule [X] annexed hereto and incorporated herein sets forth the license periods for each License Area.

(b) Notwithstanding the provisions of Paragraph (a) above, Licensee shall have the right to terminate this License Agreement as to an existing Commingled License Area by delivery to Licensor of written notice delivered not less than three (3) months prior to the desired early termination date as to such Commingled License Area.

(c) In the event the term of a Lease covering a License Area shall sooner terminate in accordance with the provisions thereof (e.g., by reason of casualty or condemnation, and the landlord under the Lease shall exercise a right of termination contained in the Lease, or Licensor, as the tenant thereunder shall exercise a right of termination thereunder), the License Period for the License Area shall automatically terminate on the date of such termination of such Lease. Licensor shall give Licensee reasonable prior notice of any such termination.

(d) Licensor will provide the Licensee with prior written notice of its intent to enter into an amendment to any Lease which will increase Licensee's obligations or surrender Licensee's rights hereunder or have a material adverse effect on Licensee's occupancy of the related License Area covered thereby or Licensee's permitted use of such License Area. Upon such notice, Licensee will be obligated to inform Licensor whether it intends to occupy the Licensed Area during the amended term.

3. License Fee . Licensee shall pay a license fee for the License Areas at rates, in the manner, and on the dates set forth in Schedule III annexed hereto and made a part hereof (the "License Fee"). Except as provided herein to the contrary or as set forth in Schedule III, the License Fee payable for a particular License Area shall be

equal to Licensor's costs in occupying, maintaining and using the Premises in the related Lease ("Cost of Occupancy") divided by the number of Licensor (including any subsidiary or affiliate including Licensee) employees, agents, and/or representatives occupying the Premises multiplied by the number of Licensee employees, agents, and/or representative (collectively, "Licensee Personnel") occupying the Premises in the related License Area; provided, however, that the Licensor shall not charge Licensee a higher Cost of Occupancy than it charges any other groups or departments within Licensor for Occupancy Costs in a Premises. Licensor, in its sole and absolute discretion, shall determine its Cost of Occupancy based on principles consistent with Generally Accepted Accounting Principles (GAAP) or other commercially reasonable standard consistent with accounting practices used in similar buildings the License Area is located in. Licensee or its authorized representative shall have the right, during business hours and with prior written notice, to inspect such books of Licensor at Licensor's facilities that relate to the calculation of the Costs of Occupancy, for the purpose of verifying the costs included in the Cost of Occupancy. Licensee shall comply with any confidentiality requirements imposed by Licensor in connection with such inspection (including but not limited to the execution and delivery of a confidentiality agreement reasonably acceptable to Licensor). Licensee shall be entitled to one inspection per calendar year and all costs associated with such inspection shall be borne by Licensee. Licensor and Licensee shall work together reasonably and in good faith to equitably resolve any amounts that Licensee may question. The number of Licensor Personnel and Licensee Personnel occupying each License Area shall be determined in a fair, equitable and consistent manner as of the end of each month (or such other time period as agreed to by Licensor and Licensee) during the term of this License Agreement.

4. Services . Licensee acknowledges that in some of locations of the License Areas, a third-party landlord provides services to such locations. Licensor shall reasonably cooperate with Licensee so as to enable Licensee to obtain such services, but the foregoing shall not require Licensor to institute any action or proceeding against a landlord. To the extent that any services to a License Area has been supplied directly by Licensor, then Licensor shall continue to provide such services to such License Area during the related License Period and Licensee shall be responsible for its pro rata share of Licensor's out-of-pocket costs in connection therewith. Licensor shall provide such services to such License Area in substantially the same manner and quality as Licensor has provided the same to the License Area prior to the Commencement Date or in substantially the same manner and quality as Licensor provides such services to itself. Licensor hereby grants to Licensee the right to receive all of the services and benefits with respect to the License Areas which are to be provided by the related landlord under the Leases. Notwithstanding the foregoing, although the parties contemplate that the landlords will, in fact, perform their obligations under the Leases, but, in the event of any default or failure of such performance by any of the landlords, Licensor will, upon the specific written request of Licensee, make demand upon such landlord(s) to perform its obligations under the related Lease.

5. Uses . Licensee shall only use and occupy a License Area as permitted as a permitted use under the related Lease and for no other purpose except (and only to the extent permitted under the terms of the related Leases) as may be reasonably

agreed upon in writing by Licensor and Licensee. Nothing in this paragraph shall require Licensee to use and occupy a License Area, except to the extent Licensor is required to use or occupy same under the terms of the related Lease.

6. Compliance with Law; Observance of Lease Provisions .

(a) To the extent required of the tenant under a related Lease, Licensee shall promptly comply with all present and future applicable laws and regulations of all state, Federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of any Board of Fire Underwriters or any similar body (all of the foregoing being hereinafter collectively referred to as "Laws") having jurisdiction which shall impose any violation, order or duty upon Licensor, any landlord of Licensor or Licensee with respect to the related License Area, to the extent only, however, that such compliance relates to Licensee's manner of use of the related License Area as opposed to the mere use for the purposes herein permitted.

(b) To the extent that for a related License Area, the Licensee is not required to comply with any Laws pursuant to subparagraph (a) above, Licensor shall (to the extent required under a related Lease) comply with such Laws applicable to the related License Area or, if applicable, Licensor shall exercise reasonable efforts to require its third-party landlord to comply with such Laws (to the extent such compliance is the obligation of such landlord under the terms of the related Lease to Licensor).

(c) To the extent required under a related Lease, Licensor shall obtain the consent of the related landlord for Licensee to license the related License Area. Licensor shall promptly be reimbursed by Licensee for any actual costs incurred by Licensor in obtaining such consents from the landlord.

(d) Licensee shall not violate applicable provisions of any Lease governing the manner of use of the related License Area, the use of building elevators, building common areas, and similar provisions, so as not to cause a default thereunder.

(e) This License Agreement is subject to, and Licensee accepts this License Agreement subject to all the terms, covenants, provisions, conditions and agreements contained in the Leases and the matters to which the related landlords are subject and subordinate, all of which are made a part of this License Agreement as though fully set forth herein as if Licensee were the Tenant named therein and Licensor were the landlord named therein. This License Agreement shall also be subject to, and Licensee accepts this License Agreement also subject to, any amendments and supplements to the Leases hereafter made between any landlord and Licensor provided the same do not limit the rights or expand the obligations of Licensee hereunder in any material respect. Licensee covenants and agrees (i) to perform, observe and be bound by each and every covenant, condition and provision of the related Leases as applicable to the related License Area (including the Building rules and regulations) and (ii) that Licensee will not do or cause to be done or suffer or permit its agents or employees to do

any act or thing to be done which would or might cause the landlord or the rights of Licensor as tenant thereunder to any Lease be cancelled, terminated or forfeited or make Licensor liable for any damages, claim or penalty. Licensor (A) will not do or cause to be done or suffer or permit any act or thing to be done which would or might cause a Lease or the rights of Licensee thereunder (through this License Agreement) to be cancelled, terminated or forfeited or make Licensee liable for damages, claims or penalty, (B) will not voluntarily terminate a Lease without the prior consent of Licensee and (C) shall deliver to Licensee promptly upon receipt or delivery copies of all default notices under a Lease sent or received by Licensor.

(f) In the event Licensee is in default under any of the terms of this Agreement and such default is not cured, Licensor shall have the same rights and remedies against Licensee as are available to the related landlord against Licensor for that particular License Area and Licensor shall have the right enter such Licensed Area and cure the same at the sole cost and expense of Licensee.

7. Repairs . Licensee, throughout the License Period, shall take good care of the License Areas and the fixtures and appurtenances therein as required of the tenant pursuant to the terms of the related Leases. In the event a particular Lease is silent on Licensor's obligations to repair, then in addition to Licensee taking good care of the related License Area and the fixtures and appurtenances, Licensee, for that particular License Area, shall also be responsible for the cost to repair any damage other than damage from the elements, fire or other casualty to the building of such License Area forms a part or caused by Licensor or a third-party landlord or their respective, agents, employees, sublessees, licensees (other than Licensee) or invitees. Licensor shall make, or exercise reasonable efforts to cause to be made by such related landlord responsible for such repairs, all necessary structural and other repairs (for which Licensee is not responsible pursuant to the provisions hereof) to the License Area.

8. Damage and Destruction .

(a) Neither Licensor nor Licensee shall have any responsibility to each other in the event of any damage to or theft of any equipment or property of the other party except if caused by the gross negligence or willful misconduct of such party, and the party incurring such loss shall look to its own insurance coverage, if any, for recovery in the event of any such damage, loss or theft.

(b) If a License Area is destroyed or damaged by fire or other casualty, the License Fee as to such License Area shall abate (entirely if all or substantially all of the License Area is damaged and rendered untenantable and proportionately if only a portion of the License Area is damaged and rendered untenantable, in both cases only to the extent that Licensor's rent under the Lease is also abated) from the date of the casualty to the date by which (as provided in the Lease covering the License Area) the related landlord or Licensor shall have repaired and restored the License Area or damaged portion thereof (but not Licensee's property and equipment therein) to substantially the same condition it was in prior to the occurrence of such casualty. If the casualty or damage occasioned to the License Area, or to the Premises covered by the related Lease,

of which the damaged License Area forms a part, shall be so extensive as to entitle either or both of the landlord and Licensor to terminate the Lease, and either such landlord or Licensor shall terminate the Lease therefor in accordance with the terms thereof, then this License Agreement with respect to the License Area shall automatically terminate on the Lease termination date, as provided in paragraph 2(b) hereof.

(c) In the event of the occurrence of a casualty or condemnation which affords Licensor a right under the Lease to terminate the Lease by reason of such casualty or condemnation, then Licensee shall have the exclusive right to determine whether to exercise such right of termination in its sole and absolute discretion.

9. Insurance/Indemnity .

(a) To the extent carrying such insurance is not Licensor's responsibility under another agreement between Licensor and Licensee, Licensee shall maintain in full force and effect throughout the related License Periods with respect to the related License Area the insurance (other than property insurance as to alterations in the Premises or equipment owned by Licensor in the Premises, which insurance Licensor shall carry) required to be maintained by Licensor under the related Lease. Upon request by Licensor, if Licensee carries such insurance separate from Licensor, Licensee shall provide evidence of such insurance to Licensor in accordance with the requirements of the related Lease.

(b) Indemnification of Licensor . Per each License Area, Licensee shall owe the same indemnification obligations to Licensor as set forth in the Lease covering such License Area as if the words "Owner" or "Landlord" and "Tenant "or "Lessee" or words of similar import, wherever the same appear in the related Lease pertaining to indemnification were construed to mean, respectively, "Licensor" and "Licensee". To the extent a Lease is silent on the indemnification obligations running from the "Tenant" to "Landlord", then for that related License Area, Licensee shall indemnify, defend and hold Licensor, and any partner, officer, agent, employee and director of Licensor (the "Licensor Indemnitees") harmless from and shall defend the Licensor Indemnitees against all claims made or judicial or administrative actions filed which allege that any one of the Licensor Indemnitees is liable to the claimant (other than to the extent caused by or arising from a Licensor Indemnitee's gross negligence or willful misconduct) by reason of (i) any injury to or death of any person, or damage to or loss of property, or any other thing occurring on or about the License Area or the Premises, or in any manner growing out of, resulting from or connected with the use, condition or occupancy of, the License Area or the Premises, if caused by any act or omission of Licensee or its agents, partners, contractors, employees, permitted assignees, licensees, sublessees, invitees or any other person or entity for whose conduct Licensee is legally responsible, (ii) violation by Licensee of any contract or agreement to which Licensee is a party in each case affecting the License Area or the occupancy or use thereof by Licensee, (iii) violation of or failure to observe or perform any condition, provision or agreement of this License Agreement on Licensee's part to be observed or performed hereunder, and (iv) Licensee's manner of use and occupancy of the License Area, except to such extent that any such claim arises from the gross negligence or willful

misconduct of Licensor. Licensor shall similarly indemnify, defend and hold Licensee, and any partner, officer, agent, employee and director of Licensee (the "Licensee Indemnitees") harmless from and shall defend the Licensee Indemnitees against all claims made or judicial or administrative actions filed which allege that any one of the Licensee Indemnitees is liable to the claimant (other than to the extent caused by or arising from a Licensee Indemnitee's negligence or willful misconduct) by reason of (i) any injury to or death of any person, or damage to or loss of property, or any other thing occurring on or about the Premises, or in any manner growing out of, resulting from or connected with the use, condition or occupancy of, the Premises, if caused by any negligent act or willful misconduct of Licensor or its agents, partners, contractors, employees, permitted assignees, licensees, sublessees, invitees or any other person or entity for whose conduct Licensor is legally responsible (other than Licensee), (ii) violation by Licensor of any contract or agreement to which Licensor is a party in each case affecting the Premises or the occupancy or use thereof by Licensor and (iii) violation of or failure to observe or perform any condition, provision or agreement of this License Agreement on Licensor's part to be observed or performed hereunder. In addition, and to the extent applicable, if Licensor is the beneficiary of an indemnity or release from the landlord under a Lease, Licensor shall use commercially reasonable efforts to similarly indemnify or release Licensee, to the extent Licensor actually receives the benefit of such indemnity or release.

10. Assignment; Sublicensing. The License granted hereby is personal to Licensee and shall not be assigned nor shall Licensee sublicense or otherwise permit or suffer the occupancy of any/all License Area(s) by any third party without first obtaining the prior written consent of Licensor and if required by the related Lease, the landlord. Notwithstanding the foregoing, Licensee may, without Licensor's prior written consent and without constituting an assignment or sublicense hereunder, assign this License Agreement or sublicense any of the License Areas to (a) an entity controlling, controlled by or under common control with Licensee or (b) a successor entity related to Licensee by merger, consolidation or reorganization, unless such entity is a competitor of Licensor.

11. Alterations; Restoration .

(a) Commingled Space . In the event that all or a part of a License Area is not physically segregated by demising walls from Licensor to space:

(i) No alterations may be made by Licensee to the License Area without first obtaining (A) the prior written consent of Licensor, which may be withheld in its sole discretion and (B) if required by the related Lease, the prior written consent of the related landlord of such Lease(which Licensor shall request from such landlord). All such alterations shall be at Licensee's sole cost and expense.

(ii) Licensor, at the time of giving consent to any alterations by Licensee, shall notify Licensee if any such alterations must be removed and the License Area restored, at the expiration or sooner termination of the applicable License Period.

(iii) If Licensor employs facilities personnel at the Commingled Space, Licensor will reasonably cooperate with Licensee to coordinate such requested alternations. Any costs associated with making such alterations, including, but limited to, construction or increased operating costs shall be borne by Licensee.

(b) Demised Space . In the event that a License Area is physically segregated by demising walls from the Licensor's space:

(i) Licensee may make any alterations to the License Area to the extent permitted by (and in accordance with) the terms of the related Lease, provided that Licensee obtains the prior written consent thereto of Licensor which shall not be unreasonably withheld, conditioned or delayed.

(ii) In the event Licensee shall desire to make any alterations to the License Area, Licensee shall provide Licensor prior written notice thereof, specifying in Licensee's notice the scope and location of the desired alteration(s) as necessary to enable Licensor to formulate a judgment as to the effect such alteration(s) would have upon the building and its systems, and Licensor's use of, and operation within, that portion of the Premises not constituting the License Area (the "Retained Space"), except that, subject to approval of the related landlord if required by the related Lease, Licensor approves the installation of information systems cabling, electrical distribution circuitry and finishes appurtenant thereto. Licensor shall not have any consent rights to such alteration, except Licensor may refuse to allow such alteration if in Licensor's reasonable judgment such alteration would materially adversely affect Licensor's use of the Retained Space.

(iii) Any costs associated with making such alterations, including, but limited to, construction or increased operating costs shall be borne by Licensee.

12. Default . If either party defaults in the performance of any of its obligations hereunder with respect to a License Area or the License Areas and such default continues for more than fifteen(15) days in the case of a monetary default with respect to a License Area, thirty (30) days with respect to any other monetary default hereunder, and thirty (30) days in the case of a nonmonetary default, in all cases after receipt of written notice from the nondefaulting party (except that if such nonmonetary default cannot be reasonably cured with the exercise of reasonable diligence during said 30-day period, such period shall be extended for reasonable additional time, provided that the defaulting party has commenced to cure such default within the 30-day period and proceeds diligently thereafter to effect such cure), the nondefaulting party shall have the right to terminate the License herein granted with respect to the applicable License Area and pursue any other remedies available at law or in equity, except as limited in

paragraph 14 hereof. Notwithstanding anything to the contrary herein, Licensee shall not be in default under this License Agreement if Licensee's failure to comply with a requirement of this License Agreement is due solely to Licensor's failure to provide a service required of Licensor under another agreement between Licensor and Licensee.

13. Limitation of Liability . NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LICENSE AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY PUNITIVE, INDIRECT, CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING LOSS OF GOODWILL OR LOSS OF PROFITS.

14. Notices .

(a) Any notice, demand or request under this License Agreement shall be in writing, shall be addressed as hereinafter provided and delivered by registered or certified mail (return receipt requested) which is delivered by reputable overnight commercial carrier (e.g. , Federal Express) or hand-delivered and shall be deemed effective upon receipt. Any notice, demand or request by Licensor to Licensee shall be addressed to Licensee at its address stated in the preamble hereto,

In the case of Licensor:

EMC Corporation
228 South Street
Hopkinton, Massachusetts 01748
Attention: Vice President, Global Real Estate and Facilities

And to:

EMC Corporation
176 South Street
Hopkinton, Massachusetts 01748
Attention: Office of the General Counsel

In the case of Licensee:

VMware, Inc.
3401 Hillview Drive
Palo Alto, California 94304
Attention: Global Real Estate Manager

And to:

VMware, Inc.
3401 Hillview Drive
Palo Alto, California 94304
Attention: Legal Department

(b) Rejection or other refusal to accept, or the inability to deliver because of a changed address of which no notice was given, shall be deemed to be receipt of the notice, demand or request sent.

15. Quiet Enjoyment . Licensor covenants and agrees that, so long as Licensee shall pay the License Fee as and when due and shall otherwise fully, faithfully and timely observe and perform within applicable notice and cure periods the agreements, covenants and conditions of this License Agreement on its part to be observed and performed with respect to the related License Area, Licensee shall and may peaceably and quietly have, hold and enjoy the related License Area for the related License Period, as same may be extended, without disturbance, hindrance, ejection or molestation by or from Licensor (subject, however, to the provisions hereof) or any one claiming by, through or under Licensor.

16. Waiver of Claims . As to the period from and after the Commencement Date, notwithstanding anything to the contrary herein, each party hereto waives all claims against the other party, its agents and employees for damage to property sustained by the waiving party resulting from damage to the License Areas or the Premises, as the case may be, its fixtures or any of the waiving party's personal property, or resulting directly or indirectly from any act or omission of the other party. This section 16 shall apply especially, but not exclusively, to damage caused by roof leakage, refrigerators, sprinkling devices, air conditioning apparatus, water, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures and shall apply whether any such damage results from the act or omission of Licensor or of any other person, and whether such damage be caused or result from anything above mentioned or referred to, or be of a different nature. All property belonging to the waiving party or any occupant of the License Areas or the Premises, as the case may be, shall be there at the risk of the waiving party or such other occupant only, and the other party shall not be liable for damage thereto or theft or misappropriation thereof. The waiving party (and any such occupant) shall look to any insurance coverage that it may have for recovery of any loss or damage to property that such waiving party or such occupant may sustain.

17. Surrender . On the related expiration dates or sooner termination of the License with respect to the related License Area, Licensee, if requested by Licensor or required by the restoration terms of the related Lease which would be applicable to the related License Area in the event of the expiration or sooner termination of the related Lease, shall restore the related portion of the License Area to the condition existing on the Commencement Date insofar as the installations and alterations were made by or on behalf of Licensee, ordinary wear and tear, fire and other casualty excepted (or if not so requested by Licensor, shall restore the related License Area only insofar as installations and alterations were made by or on behalf of Licensee (or any assignee or sub-licensee of Licensee), to the condition required by such restoration provisions of the related Lease)

and otherwise comply with the surrender provisions of the Lease to the extent applicable to the License Area. Notwithstanding anything to the contrary contained herein, in no event shall Licensee have any obligation to restore a License Area to the condition such space was in on the Commencement Date to the extent such restoration related to an alteration which was made to such space prior to the Commencement Date.

18. Subordination . The License granted herein is subject and subordinate to all ground and underlying leases affecting the real property of which the License Areas form a part and to all mortgages which may now or hereafter affect such leases or such real property.

19. Warranties . EXCEPT AS SET FORTH IN THIS LICENSE AGREEMENT, THE PARTIES DO NOT MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THIS LICENSE AGREEMENT, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

20. Inability To Perform . Neither party shall be responsible for delays in the performance of its obligations caused by events beyond that party's reasonable control, including, but not limited to, acts of God.

21. Good Faith . The License Areas are of such configuration and is not of such size as to justify, in either case, in the opinion of the parties, entering into formal leases and/or subleases covering each of the License Area. The parties have therefore entered into this License Agreement which, the parties recognize, is not dispositive of all matters and issues that may arise during the License Period with respect to the License Area. As and when issues and matters arise during the course of the License Period that are not definitively controlled by the provisions of this License Agreement or the related lease, the parties shall act reasonably and in good faith endeavor to adjust and resolve such issues and matters.

22. No Contact With Landlord . Licensee shall not, directly or indirectly, communicate with or have contact of any kind with any landlord under the Leases with respect to the License Area or landlord services or repairs or maintenance to be provided to the License Area or with regard to the Premises (the only exception to the foregoing being if Licensee shall wish to lease space in a building a part of the Premises is located in) the intention hereof being that any communications or contact regarding any of the foregoing (except with regard to a separate leasing of space in such building by Licensee) shall be made solely to Licensor.

23. Landlord's Responsibilities . Licensee recognizes that Licensor is not in a position to furnish the services set forth in the Leases, obtain an agreement of nondisturbance, or to perform certain other obligations which are not within the control of Licensor. If Licensor institutes an enforcement action to compel a landlord under a Lease to perform its obligations with respect not only to the License Area but also with respect to other portions of the Premises, the reasonable costs and expenses of such

enforcement action shall be equitably apportioned so that, insofar as can be practically determined, each party shall bear its allocable share of such costs and expenses.

24. Signage . Subject to the related Lease, (i) Licensor shall permit Licensee to install wall signs (whose size, composition and content shall be subject to Licensor's prior approval, which approval shall not be unreasonably withheld) in the Premises in on which the License Area is located (including the lobbies of such Premises) , and (ii) Licensor shall afford Licensee its pro rata share (based on the ratio of Licensee employees to the sum of Licensor (including any affiliate and subsidiary but excluding Licensee) and Licensee employees at the Premises covered by the related Lease) of the listings on, if any, the directory board of the License Area building afforded Licensor pursuant to the related Lease. At Licensee's request, Licensor shall reasonably cooperate with Licensee (at no cost to Licensor) to request the applicable landlord's consent to the installation of any sign, permitted under the Lease but for which landlord's consent is required before installing.

25. Parking . For each License Area (subject to the terms of the related Lease covering the License Area), Licensee shall have nonexclusive access to the parking spaces allocated to Licensor under the terms of the related Lease. License shall have access to the parking area to the same extent Licensor has access to the parking area under the related Lease. Licensor shall, at Licensee's request, reasonably cooperate with Licensee (at no cost to Licensor) to request the applicable landlord to enable Licensee to obtain additional parking permits to the extent required by Licensee. If Licensor is charged for parking under any or all of the Leases, Licensor and Licensee shall determine an equitable allocation of such parking charges. If Licensor has entered into an agreement with a landlord for the provision of parking spaces in addition to the spaces allocated under a Lease (at additional cost to Licensor), Licensor shall be entitled to use all of such additional spaces.

26. Miscellaneous .

(a) Counterparts . This License Agreement may be executed in two or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

(b) Governing Law . This License Agreement shall, with respect to the License Area, be governed by and construed in accordance with the laws of the particular area in which the related License Area is located.

(c) Section Headings . The section titles herein are for convenience only and do not define, limit or construe the contents of such sections.

(d) Attachments and Exhibits . All attachments and exhibits to this License Agreement are hereby made a part hereof as if fully set out herein.

(e) Severability . If any provision or provisions in this License Agreement is/are found to be in violation of any law or otherwise unenforceable, all other provisions will remain unaffected and in full force and effect.

(f) Site Specific Agreements . The parties shall execute or cause their applicable subsidiaries to execute any additional agreements as may be reasonably necessary to effectuate the intent of this License Agreement.

(g) Subsidiaries . If any of the Premises are leased by a subsidiary of Licensor, (a) Licensor shall cause its subsidiary to license the applicable License Area to Licensee and to perform all of the requirements of Licensor hereunder as to such Premises, (b) such subsidiary may exercise the rights of Licensor hereunder as to such Premises and (c) references herein to Licensor shall mean Licensor's subsidiary as to such Premises. In addition, if any of the Premises are currently occupied by a subsidiary of Licensee, (i) Licensee's subsidiary shall have the right to occupy such License Area and exercise the rights of Licensee hereunder as to such Premises, (ii) Licensee shall cause its subsidiary to perform all of the obligations of Licensee hereunder as to such License Area and (iii) references herein to Licensee shall mean Licensee's subsidiary as to such License Area.

(h) Other . Time is of the essence with respect to the performance of every provision of this License Agreement in which time of performance is a factor. When a party is required to do something by this License Agreement, it shall do so at its sole cost and expense without right of reimbursement from the other party unless specific provision is made therefor. Whenever one party's consent or approval is required to be given as a condition to the other party's right to take any action pursuant to this License Agreement, unless another standard is expressly set forth, such consent or approval shall not be unreasonably withheld or delayed. This License Agreement may be executed in counterparts. Any executed copy of this License Agreement shall be deemed an original for all purposes

27. Nonliability . Licensor and Licensee agree that neither their respective directors, officers, employees, shareholders nor any of their respective agents shall have any personal obligation hereunder, and that Licensor and Licensee shall not seek to assert any claim or enforce any of their rights hereunder against such directors, officers, employees, shareholders or agents.

28. Binding Effect . This License Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and shall not be modified except by an express written agreement signed by duly authorized representative of both parties.

29. Cooperation . Should the parties desire to license, sublease, or enter into any other office sharing agreement with each other for spaces and locations not set forth on Schedule [X], or to renew any license and consequently the related underlying Lease for any space or location set forth o Schedule [X], then the parties agree to cooperate with each other and to provide reasonable assistance to each other in identifying new spaces and entering into new leases, subleases, or other agreements, as applicable, with landlords and other related third parties as well as to cooperate and work with one another to reach mutually acceptable terms and provisions for any license, sublease or related agreement between each other. Without limiting any of the

obligations herein, for any new lease, sublease, license or similar agreement between each other, the parties have decided to memorialize and be bound by the following terms:

(a) The party entering into a new lease with a landlord, owner, or other third party shall be responsible for paying the security deposit, as applicable, associated with entering into such agreement.

(b) Licensee shall not make any material alterations or construct any material improvements to any space without the consent of Licensor, such consent to be determined in Licensor's sole discretion.

(c) Within nine (9) months (or such longer period as may be required under a Lease) prior to the expiration of any Lease or any new lease not set forth on Schedule [X] entered into by either party and which the leased space is shared with or licensed to the other, each party agrees (i) to notify the other whether it intends to continue sharing the space and (ii) to cooperate in determining which party, if any, shall renew such lease.

(d) If Licensor enters into a lease, sublease, or any similar agreement to use and occupy any space, and such space shall be used primarily by Licensee, and Licensor shall not in any material respect occupy the space, then Licensee shall reimburse Licensor for all actual out of pocket expenses incurred by Licensor in connection with entering into the agreement and complying with the terms thereof. To the extent both parties occupy the space, the calculation of any license fee, rent or payment of a similar nature shall be determined using the formula for the License Fee set forth in Section 3.

This provision shall survive the Term of this License Agreement.

IN WITNESS WHEREOF, the parties have duly executed this License Agreement as of the date first above written

LICENSOR:

EMC Corporation,
a Massachusetts corporation

By: _____
Name:
Title:

LICENSEE:

VMware, Inc., a Delaware corporation

By: _____
Name:
Title:

EXHIBIT 10.11

FORM OF
INSURANCE MATTERS AGREEMENT

This Insurance Matters Agreement is dated as of [ ], 2007 by and between VMware, Inc., a Delaware corporation ("VMware"), and EMC Corporation, a Massachusetts corporation ("EMC"). VMware and EMC are sometimes referred to herein separately as a "Party" and together as the "Parties". Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Article I hereof.

RECITALS

WHEREAS , EMC is the beneficial owner of all the issued and outstanding common stock of VMware;

WHEREAS , the Parties currently contemplate that VMware will make an initial public offering (the "Offering") of its Class A common stock pursuant to a Registration Statement on Form S-1 filed on April 26, 2007, as amended (the "Registration Statement") under the Securities Act of 1933, as amended;

WHEREAS , EMC currently contracts with third-party insurers to maintain Insurance Coverage (as defined below) under the Schedule I Insurance Policies (as defined below) for and on behalf of the VMware Entities (as defined below);

WHEREAS , following consummation of the Offering, VMware desires for EMC to continue to maintain Insurance Coverage for and on behalf of the VMware Entities under the EMC Insurance Policies, as more fully set forth in this Agreement; and

NOW, THEREFORE , in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, for themselves and their respective successors and assigns, hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions . (a) As used in this Agreement, the following terms shall have the following meanings, applicable both to the singular and the plural forms of the terms described:

"Agreement" means this Insurance Matters Agreement, together with the schedules and exhibits hereto, as the same may be amended and supplemented from time to time in accordance with the provisions hereof.

"Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of such Person's property under applicable law.

"EMC Entities" means EMC and its Subsidiaries (other than the VMware Entities), and "EMC Entity" means any one of the EMC Entities in place on the effective date of the Registration Statement and any entity which becomes a Subsidiary of EMC (other than any VMware Entity) after the date hereof.

"Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

"Insurance Proceeds" means those monies: (a) received by an insured from an insurance carrier; or (b) paid by an insurance carrier on behalf of the insured; or (c) from Insurance Policies.

"Insured VMware Liability" means any VMware Liability to the extent that it is covered under the terms of the Schedule I Insurance Policies or the EMC Insurance Policies in effect prior to the end of the Insurance Transition Period.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Master Transaction Agreement" means the Master Transaction Agreement between the Parties of even date herewith.

"Offering Date" means the date on which the Offering is consummated.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government (including any department or agency thereof) or other entity.

"Schedule I" means the first Schedule attached hereto which lists the Insurance Policies to be maintained by EMC on behalf of or for the VMware Entities and premium expenses and/or the methodology for calculating the premium expenses to be paid by VMware for insurance coverage under such Insurance Policies.

"Subsidiary" means, as to any Person, a corporation, limited liability company, joint venture, partnership, trust, association or other entity in which such Person: (1) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such entity, (B) the total combined equity interests, or (C) the capital or profits interest, in the case of a partnership; or (2) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"VMware Business" means the business of virtual infrastructure technology presently conducted by VMware, as more completely described in the Registration Statement, or following the Offering Date, such business that is then conducted by VMware and described in its periodic filings with the U.S. Securities and Exchange Commission.

"VMware Entities" means VMware, Inc. and its Subsidiaries, from time to time, and "VMware Entity" means any one of the VMware Entities.

"VMware Liabilities" has the meaning set forth in the Master Transaction Agreement.

(b) Each of the following terms is defined in the Section set forth opposite such term:

TERM	SECTION
Action	3.01
EMC	Preamble
EMC Indemnified Person	2.09
EMC Insurance Policies	2.01(a)
Insurance Coverage	2.01(a)
Insurance Expenses	2.01(b)
Insurance Transition Period	2.01(a)
Offering	Preamble
Parties	Preamble
Party	Preamble
Registration Statement	Preamble
Recovery Expenses	2.05
Risk Manager	2.06
Schedule I Insurance Policies	2.01(a)
VMware Covered Parties	2.01(a)
VMware	Preamble

Section 1.02 Internal References . Unless the context indicates otherwise, references to Articles, Sections and paragraphs shall refer to the corresponding articles, sections and paragraphs in this Agreement and references to the parties shall mean the parties to this Agreement.

ARTICLE II
INSURANCE MATTERS

Section 2.01 VMware Insurance Coverage During Transition Period .

(a) The Parties recognize that prior to the Offering Date, EMC has contracted with third-party insurers to maintain insurance coverage under the Insurance Policies listed in Part (a) of Schedule I (the "Schedule I Insurance Policies") that cover and are for the benefit of, among others, the VMware Entities and their respective directors, officers and employees (collectively, the "VMware Covered Parties"). Throughout the period beginning on the Offering Date and

ending upon the termination or expiration of this Agreement in accordance with Article IV hereof (the "Insurance Transition Period"), EMC shall continue to contract with third-party insurers to maintain insurance coverage (the "Insurance Coverage") under Insurance Policies covering and for the benefit of the VMware Covered Parties (collectively, the "EMC Insurance Policies"; each individually, an "EMC Insurance Policy"), which are comparable to the Schedule I Insurance Policies maintained by EMC covering the VMware Covered Parties prior to the Offering Date.

(b) Except to the extent that EMC allocates a portion of EMC's insurance costs to the VMware Entities, upon receipt of a written invoice from EMC, VMware shall promptly pay or reimburse EMC, as the case may be, for the VMware Covered Parties' pro rata portion of the premium expenses and deductibles, any retention amounts and any other costs and expenses (collectively, "Insurance Expenses") which EMC may incur in connection with the Schedule I Insurance Policies or the EMC Insurance Policies, including but not limited to any retroactive or subsequent premium adjustments, calculated as set forth in Part (b) of Schedule I. Notwithstanding the preceding sentence, (i) VMware shall not be required to pay or reimburse EMC, as the case may be, for retroactive premium adjustments applicable to any period prior to the Offering Date and (ii) the reimbursement of Recovery Expenses shall be subject to Section 2.05 hereof. The written invoice shall set forth in reasonable details the amount and manner of calculation of the Insurance Expenses being charged and the EMC Insurance Policies and the period of Insurance Coverage to which such Insurance Expenses relate. The VMware Covered Parties' pro rata portion of any deductible or retention amount shall be an amount equal to the full amount of the applicable deductible or retention amount multiplied by the VMware Covered Parties' applicable pro rata percentage of premium expenses payable to EMC under the EMC Insurance Policies. The VMware Covered Parties' pro rata portion of other costs and expenses shall be calculated as set forth in Part (b) of Schedule I.

(c) EMC shall provide VMware with prompt written notice of any increase in rates for Insurance Coverage maintained under any EMC Insurance Policy, any premium increase or other material change to any EMC Insurance Policy. VMware shall not be required to pay or reimburse EMC, as the case may be, for any increase of greater than 5% in the applicable rates for Insurance Coverage maintained under any EMC Insurance Policy in any given calendar year during the Insurance Transition Period.

Section 2.02 Cooperation; Payment of Insurance Proceeds to VMware; Agreement Not to Release Carriers . Subject to the provisions of Section 3.5 of the Master Transaction Agreement, each Party shall share such information as is reasonably necessary in order to permit the other Party to manage and conduct its insurance matters in an orderly fashion. EMC, at the request of VMware, shall cooperate with and use its reasonable best efforts to assist VMware in recovering Insurance Proceeds under the Schedule I Insurance Policies or the EMC Insurance Policies for claims relating to the VMware Business, the assets of VMware or VMware Liabilities, whether such claims arise under any Contract or agreement, by operation of law or otherwise, existing or arising from any past acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed before the Offering Date, on the Offering Date or during the Insurance Transition Period, and EMC shall promptly pay any such recovered Insurance Proceeds to VMware. Neither EMC nor VMware, nor any of their respective Subsidiaries, shall take any action which would

intentionally jeopardize or otherwise interfere with the other Party's ability to collect any proceeds payable pursuant to any Insurance Policy. Except as otherwise contemplated by this Agreement or any other agreement between the Parties with effect from the Offering Date, neither EMC nor VMware (and each Party shall ensure that no affiliate of such Party), without the consent of the other Party (such consent not to be unreasonably withheld), shall provide any insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of the other Party (or its Subsidiary) thereunder. However, no right or obligation of either Party arising solely in connection with the recovery or collection of Insurance Proceeds or the provision to any insurance carrier of a release, amendment, modification or waiver of rights pursuant to this Section 2.02 shall (A) preclude any EMC Entity or any VMware Entity from presenting any claim or from exhausting any policy limit, (B) except as otherwise required under the terms of this Agreement, require any EMC Entity or any VMware Entity to pay any premium or other amount or to incur any Liability, or (C) except as otherwise required under the terms of this Agreement, require any EMC Entity or VMware Entity to renew, extend or continue any policy in force.

Section 2.03 VMware Insurance Coverage After the Insurance Transition Period . After the expiration of the Insurance Transition Period, VMware shall be responsible for obtaining and maintaining Insurance Policies in respect of the VMware Entities' risk of loss and such insurance arrangements shall be separate and apart from the EMC Insurance Policies, provided that nothing herein shall be deemed to be a relinquishment of any rights of a VMware Covered Party under any Schedule I Insurance Policies or EMC Insurance Policies written on an occurrence basis issued prior to the termination of the Insurance Transition Period.

Section 2.04 Deductibles and Self-Insured Obligations . Subject to the provisions of Section 2.01(b), solely with respect to VMware Liabilities and Insured VMware Liabilities, VMware shall reimburse EMC for all amounts necessary to exhaust or otherwise to satisfy all applicable self-insured retentions, amounts for fronted policies, deductibles and retrospective premium adjustments and similar amounts not covered by the Schedule I Insurance Policies or the EMC Insurance Policies to the extent that EMC is required to pay any such amounts.

Section 2.05 Procedures with Respect to Insured VMware Liabilities .

(a) Upon receipt of a reasonably detailed, itemized invoice from EMC, VMware shall promptly reimburse EMC for all amounts reasonably incurred by EMC in pursuing insurance recoveries ("Recovery Expenses") from the Schedule I Insurance Policies and the EMC Insurance Policies in respect of Insured VMware Liabilities covered by such policies. To the extent any such Recovery Expenses relate to pursuing insurance recoveries in respect of both Insured VMware Liabilities and insured Liabilities of EMC under such policies, VMware shall only reimburse EMC for Recovery Expenses relating to the Insured VMware Liabilities.

(b) The defense of claims, suits or actions giving rise to potential or actual Insured VMware Liabilities shall be managed (in conjunction with EMC's insurers, as appropriate) by VMware, except such claims, suits or actions giving rise to potential or actual Liabilities of EMC, in which case the defense of such claims, suits or actions shall be jointly managed (in conjunction with EMC's insurers, as appropriate) by VMware and EMC.

Section 2.06 Risk Managers . During the Insurance Transition Period, each of EMC and VMware shall appoint one of their respective employees as a risk manager (each, a "Risk Manager") who will have overall responsibility for managing and coordinating the EMC Insurance Policies, including ensuring that there is adequate Insurance Coverage for VMware Covered Parties and for all matters related thereto. The Risk Managers will use their reasonable efforts to consult and coordinate with each other on issues arising under this Agreement with respect to the Insurance Coverage to be maintained for or on behalf of the VMware Covered Parties pursuant to this Agreement.

Section 2.07 Cooperation . EMC and VMware shall cooperate with each other in all respects, and shall execute any additional documents which are reasonably necessary, to effectuate the provisions of this Article II.

Section 2.08 No Assignment or Waiver . This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any EMC Entity in respect of any Insurance Policy or any other contract or policy of insurance.

Section 2.09 No Liability . VMware does hereby, for itself and as agent for each other VMware Entity, agree that no EMC Entity or its respective directors, officers, agents and employees (each EMC Entity and each of its respective directors, officers, agents and employees, an "EMC Indemnified Person") shall have any Liability whatsoever as a result of the insurance policies and practices of EMC and its Subsidiaries as in effect at any time prior to the end of the Insurance Transition Period, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise, except for Liabilities resulting from any breach of this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies on the part of any EMC Indemnified Person, or the gross negligence, bad faith or willful misconduct of any EMC Indemnified Person in connection with this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies.

Section 2.10 Additional or Alternate Insurance . Notwithstanding any other provision of this Agreement, during the Insurance Transition Period, EMC and VMware shall work together to evaluate insurance options and secure additional or alternate insurance for VMware and/or EMC if desired by and cost effective for VMware and EMC, as determined by the mutual consent of the Parties. Nothing in this Agreement shall be deemed to restrict any VMware Entity from acquiring at its own expense any other Insurance Policy in respect of any Liabilities or covering any period.

Section 2.11 Further Agreements . The Parties acknowledge that they intend to allocate financial obligations without violating any laws regarding insurance, self-insurance or other financial responsibility. If it is determined that any action undertaken pursuant to this Agreement or any related agreement is violative of any insurance, self-insurance or related

financial responsibility law or regulation, the Parties agree to work together to do whatever is necessary to comply with such law or regulation while trying to accomplish, as much as possible, the allocation of financial obligations as intended in this Agreement or any such related agreement.

ARTICLE III
INDEMNIFICATION

Section 3.01 VMware agrees to indemnify and hold harmless each EMC Indemnified Person from and against any damages related to, and to reimburse each EMC Indemnified Person for all reasonable expenses (including, without limitation, attorneys' fees) as they are incurred in connection with, pursuing or defending any claim, action or proceeding, (collectively, "Actions"), arising out of or in connection with the EMC Insurance Policies, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise, or this Agreement, but solely to the extent such Action arises out of or relates to the breach by, or the gross negligence, bad faith or willful misconduct of, any VMware Covered Party in connection with this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies; and *provided that* , VMware shall not be responsible for any damages incurred by any EMC Indemnified Person that result from any breach of this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies on the part of any EMC Indemnified Person, or the gross negligence, bad faith or willful misconduct of any EMC Indemnified Person in connection with this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies.

Section 3.02 EMC agrees to indemnify and hold harmless each VMware director, officer, agent and employee from and against any damages related to, and to reimburse each such individual for all reasonable expenses (including, without limitation, attorneys' fees) as they are incurred in connection with, pursuing or defending any Action arising out of or related to the breach by, or the gross negligence, bad faith or willful misconduct of, any EMC Indemnified Person in connection with this Agreement or the EMC Insurance Policies; *provided that* , EMC shall not be responsible for any damages incurred by any VMware director, officer, agent or employee that result from any breach of this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies on the part of any VMware Covered Party, or the gross negligence, bad faith or willful misconduct of any VMware Covered Party in connection with this Agreement, the Schedule I Insurance Policies or the EMC Insurance Policies.

ARTICLE IV
TERM AND TERMINATION

Section 4.01 Term . Except as otherwise provided in this Article IV or as otherwise agreed in writing by the Parties:

(a) This Agreement shall have a term commencing on the Offering Date and ending on the date that is forty-five (45) days after the date upon which the EMC Entities hold shares of VMware common stock representing less than a majority of the votes entitled to be cast by all holders of such common stock; and

(b) EMC's obligation to maintain Insurance Coverage for the VMware Entities under the EMC Insurance Policies, and VMware's obligation to pay or reimburse EMC, as the case may be, for Insurance Expenses which EMC may incur in connection with such Insurance Coverage shall cease as of the applicable date determined in accordance with this Article IV. EMC shall provide VMware with prior written notice of termination of this Agreement pursuant to Section 4.01(a) as soon as reasonably practical after EMC's determination of the date upon which the EMC Entities hold shares of VMware common stock representing less than a majority of the votes entitled to be cast by all holders of VMware common stock.

Section 4.02 Termination .

(a) VMware may terminate this Agreement at any time, effective as of the last day of a month, provided that (i) VMware has contracted with third-party insurers reasonably acceptable to EMC to maintain insurance coverage under Insurance Policies covering and for the benefit of the VMware Covered Parties, which Insurance Policies, in the reasonable judgment of EMC, provide no less coverage than the EMC Insurance Policies in effect as of the date of such termination and (ii) VMware has given EMC written notice of such termination prior to the first day of such month.

(b) Either Party may terminate this Agreement at any time if the other Party shall have failed to perform any of its material obligations under this Agreement, such Party shall have notified the other Party in writing of such failure, and such failure shall have continued for a period of at least thirty (30) days after receipt by the other Party of written notice of such failure, effective as of such 30 th day.

Section 4.03 Effect of Termination . Other than as required by law, upon the effective date of the termination of this Agreement pursuant to Section 4.02, or upon termination of this Agreement in accordance with its terms, EMC shall have no further obligation to maintain Insurance Coverage under the EMC Insurance Policies in respect of the VMware Covered Parties and VMware shall have no obligation to pay for any Insurance Expenses which EMC may incur in connection with such Insurance Policies or to make any other payments hereunder; *provided that* , notwithstanding such termination, (i) except to the extent that EMC allocates a portion of its insurance costs to the VMware Entities, VMware shall remain liable to EMC for (1) the VMware Covered Parties' pro rata portion of those Insurance Expenses and (2) any Recovery Expenses, which EMC has incurred in connection with Insurance Coverage for the benefit of the VMware Covered Parties pursuant to EMC Insurance Policies or Schedule I Insurance Policies for the period prior to the effective date of such termination and (ii) the provisions of Section 2.08, Article III, this Article IV and Article V shall survive any such termination indefinitely.

ARTICLE V
MISCELLANEOUS

Section 5.01 Other Agreements . In the event there is any inconsistency between the provisions of this Agreement and the respective provisions of the Master Transaction Agreement, the provisions of this Agreement shall govern.

Section 5.02 No Agency . Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the Parties hereto or constitute or be deemed to constitute any Party the agent or employee of the other Party for any purpose whatsoever, and neither Party shall have authority or power to bind the other Party or to contract in the name of, or create a liability against, the other Party in any way or for any purpose.

Section 5.03 Force Majeure .

(a) For purposes of this Section 5.03, "Force Majeure" means an event beyond the control of either Party, which by its nature could not have been foreseen by such Party, or, if it could have been foreseen, was unavoidable, and includes without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) and failure of energy sources.

(b) Continued maintenance of Insurance Coverage for the benefit of the VMware Covered Parties pursuant to the EMC Insurance Policies may be suspended immediately to the extent caused by Force Majeure. The Party claiming suspension of such Insurance Coverage due to Force Majeure will give prompt notice to the other of the occurrence of the event giving rise to the suspension and of its nature and anticipated duration. The Parties shall cooperate with each other to find alternative means and methods for the provision of the suspended insurance coverage.

(c) Without limiting the generality of Section 2.08, neither Party shall be under any liability for failure to fulfill any obligation under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of Force Majeure.

Section 5.04 Entire Agreement . This Agreement (including the schedules constituting a part of this Agreement) and any other writing signed by the Parties that specifically references or is specifically related to this Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement is not intended to confer upon any Person other than the Parties hereto any rights or remedies hereunder.

Section 5.05 Information . Subject to applicable law and privileges, each Party hereto covenants with and agrees to provide to the other Party all information regarding itself and transactions under this Agreement that the other Party reasonably believes is required to comply with all applicable federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.

Section 5.06 Notices . Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing shall be duly given upon delivery, if delivered by hand, facsimile transmission, or mail (with postage prepaid), to the following addresses:

(a) If to EMC, to:

Office of the General Counsel
176 South Street
Hopkinton, MA 01748
Fax: (508) 497-6915

(b) If to VMware, to:

Legal Department
3401 Hillview Avenue
Palo Alto, CA 94304
Fax: (650) 475-5101

or to such other addresses or telecopy numbers as may be specified by like notice to the other Party.

Section 5.07 Governing Law . This Agreement, including the validity hereof and the rights and obligations of the Parties hereunder, shall be construed in accordance with and shall be governed by the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed entirely in such Commonwealth (without giving effect to the conflicts of laws provisions thereof).

Section 5.08 Severability . If any terms or other provision of this Agreement or the Schedules or exhibits hereto shall be determined by a court, administrative agency or arbitrator to be invalid, illegal or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, this Agreement shall be construed as if not containing the particular invalid, illegal or unenforceable provision, and all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent permitted under applicable law.

Section 5.09 Third Party Beneficiary . None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any Person. No

such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any Liability (or otherwise) against either Party hereto.

Section 5.11 Amendment . This Agreement may only be amended by a written agreement executed by both Parties hereto.

Section 5.12 Counterparts . This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

Section 5.13 Authority . Each of the Parties represent to the other Party that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

[Signature Page Follows]

IN WITNESS WHEREOF , the Parties have caused this Agreement to be signed by their duly authorized representatives.

EMC CORPORATION

By: _____
Name:
Title:

VMWARE, INC.

By: _____
Name:
Title:

Exhibit 10.16

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality requested. Omissions are designated as [***]. A complete version of this exhibit has been filed separately with the United States Securities and Exchange Commission.

DIRECTRAK
INVENTORY MANAGEMENT AND PRODUCT PURCHASE AGREEMENT

THIS AGREEMENT ("Agreement"), dated this 17 of May, 2002, (the "Effective Date"), is made by and between Ingram Micro Inc. ("Ingram"), a Delaware corporation, with their principal place of business at 1600 East Saint Andrew Place, Santa Ana, California 92705 and VMware Inc., ("Vendor"), a Delaware corporation, with its principal place of business at 3145 Porter Drive, Building F, Palo Alto, CA 94304.

RECITALS

This Agreement sets forth the parties' understanding and agreement with respect to (a) Ingram's management of Vendor's product inventory and (b) the purchase of such products by Ingram for resale to its customers.

Ingram and Vendor agree as follows:

I. INVENTORY MANAGEMENT SERVICES

1. INVENTORY MANAGEMENT

1.1 *Inventory Management* . Ingram shall store and manage computer technology products manufactured, produced or supplied by Vendor (the "Products"). All products shall be delivered to Ingram on a consignment basis. Ingram and Vendor shall mutually agree on which Products will be consigned to Ingram under this Agreement before the Products are delivered to Ingram's Facilities. "Facility" or "Facilities" shall be as defined on Schedule A attached hereto. For purposes of this Agreement, all Products have been delivered to and received at the Facilities shall be referred to as "Managed Inventory".

1.2 *Space Allocation* . Ingram shall store the Managed Inventory at the Facility or Facilities. Ingram reserves the right to store the Managed Inventory at other Ingram facilities or at a third party warehouse location, provided that it advises Vendor of where the Managed Inventory is located and that it bears all costs associated with relocating the Managed Inventory to the other Ingram facilities. Ingram shall allocate the number of bin locations per day stated in Schedule A for storage of the Products at each Facility. In the event that the Managed Inventory levels exceed the number of allocated bin locations at a Facility, Ingram reserves the right to charge Vendor for the additional bin locations actually used each day at the rate stated in Schedule A. Vendor may request that Managed Inventory be located at additional Ingram facilities; provided that Ingram may accept or reject any such request in its sole discretion. Vendor shall bear all costs associated with relocating Managed Inventory to additional or alternative facilities.

1.3 *Inventory Level Maintenance* . Vendor shall use commercially reasonable efforts to maintain Managed Inventory at each Facility at a level at least equal to Ingram's sell through rate during the preceding two weeks. Once per week, Vendor shall advise the Ingram Product Manager in charge of Vendor's account of the quantity and type of Managed Inventory that should be consigned to each Facility. The Product Manager shall then issue an order to Vendor for the quantity and type of Product to be consigned (a "Stock Order"). Vendor understands and agrees that a Stock Order (even if the order document is entitled or referred to as a "Purchase Order") is only a request for delivery of consigned Products to Ingram and is not and shall not be deemed to be a commitment to purchase the Products, except as required under this Agreement. Unless otherwise agreed by Ingram, Stock Orders shall be limited to no more than twenty-five Product line items. Vendor may request that Ingram place up to a maximum of four Stock Orders in any month. Vendor shall pay an additional fee for any Stock Orders in excess of four in any month.

1.4 *True Consignment* . To the extent that Vendor delivers the Products to Ingram or places them under Ingram's control, this is a true consignment agreement. Vendor shall retain title to the Managed Inventory shipped hereunder until the Managed Inventory is purchased by Ingram at the time of sale to its customers.

1.5 *Buyback of Existing Inventor* . Following the Effective Date of this Agreement, Ingram shall provide Vendor with a list of Products, if any, held by Ingram in its inventory on the Effective Date ("Pre-Existing Inventory"). Vendor agrees to repurchase within ten (10) days of such list, any Pre-Existing Inventory that Ingram has previously purchased from Vendor. Vendor agrees to repurchase the Pre-Existing Inventory at the price Ingram paid to Vendor. Any Products in Pre-Existing Inventory for which Ingram has not paid Vendor shall automatically become Managed Inventory for purposes of this Agreement, In the event that Ingram decides to consolidate Managed Inventory into on Facility, Vendor agrees to pay for costs associated with picking, packing and shipping Managed Inventory to the desired Facility.

2. DELIVERY OF PRODUCT

2.1 *Freight and Risk of Loss* . Product shall be shipped by Vendor CIF (cost, insurance, freight) destination to Ingram's designated warehouse or other specified location whereby Vendor pays all freight with risk of loss or damage to pass to Ingram upon delivery to the location specified in the Stock Order. In the event that the parties agree that Ingram should handle inbound shipment of the Product using its freight carriers, Ingram shall charge Vendor for all freight costs incurred monthly.

2.2 *Shipments to Facilities* . For all shipments Vendor agrees to comply with Ingram's Vendor Routing and Packaging Guide ("Routing Guide") attached hereto as Attachment I. Vendor is not obligated to utilize the carrier selection as specified in the routing matrix section of the Routing Guide but is encouraged to do so. Vendor agrees to immediately reimburse Ingram via credit (or via a check if there are no outstanding invoice amounts due Vendor) for the cost of any freight erroneously charged to Ingram for Product shipments to the Facilities.

2.3 *Product Markings and Coding* . Prior to delivering the Product to Ingram, Vendor shall clearly mark on the packaging of each unit of Product the Product's name and computer

[*** Confidential Treatment Requested]

compatibility. Such packaging shall also bear a machine-readable bar code identifier scannable in standard Uniform Product Code (UPC) format. The bar code must identify the Product as specified by the Uniform Code Council. If the Vendor or Ingram customers' require serial number tracking, the serial number must be clearly marked and bar coded on the outside of the individual selling unit. Product must comply with the conveyable product standards guidelines set forth in Schedule A. Product that does not comply with the requirements of this paragraph may be subject to additional fees as stated on Schedule A.

2.4 *SKU Set-up* . Ingram shall assign an Ingram SKU number to a maximum of ten (10) Products.

3. SERVICE FEES

3.1 *Fees* . Fees for all services provided by Ingram under this Agreement shall be as set forth on Schedule A.

3.2 *Payment* . The monthly maintenance fee for each month shall be invoiced on the first of that month. All other fees shall be invoiced following the close of the month in which they were incurred. Payment for all fees shall be due net thirty (30) days from date of invoice, unless other payment terms are specified.

4. MANAGED INVENTORY LOSS AND DAMAGE

4.1 *Loss or Damage* . Ingram will pay Vendor the replacement cost of any Managed Inventory that is lost or damaged while at a Facility, however such loss or damage occurred. Ingram's obligation to pay pursuant to this Section 4 will be subject to the loss and damage allowance set form in Section 4.4 below.

4.2 *Exclusions* . Ingram will not be liable for (a) any Managed Inventory loss or damage that occurs prior to delivery of the Product to Ingram, (b) any loss, damage or injury to the extent such loss, damage or injury directly and solely results from (i) acts or omissions of Vendor or (ii) the performance or nonperformance of the Product; or (c) indirect, incidental, consequential, or special damages including, but not limited to, loss of income or loss of profits, even if notice was given of the possibility of such damages and even if such damages were reasonably foreseeable.

4.3 *Claims* . Ingram will pay any amounts due pursuant to Section 4.1 and in excess of the loss and damage allowance stated in Section 4.4 within thirty (30) days after Ingram first learned of the loss or damage. In the event of any loss or damage to Product in transit to Ingram, Vendor will file the claim with the carrier and Ingram will provide the necessary information to Vendor required to file any such claims. Ingram shall be responsible for any loss or damage to Managed Inventory in transit between the Facilities.

4.4 *Loss or Damage Allowance* . Ingram's obligation to reimburse Vendor for lost or damaged Managed Inventory under Section 4.1 during any calendar quarter shall be subject to a loss and damage allowance of .5% of the total number of Managed Inventory units received by Ingram during such quarter.

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5. RECORDS

5.1 Vendor shall furnish documentation per the Vendor Routing Guide, with each shipment of Inventory to Ingram. Ingram shall keep accurate records of all Managed Inventory sales and monthly inventory reports. Ingram shall reconcile its account with Vendor upon end of term or termination of the Agreement. Vendor shall respond to any Ingram request for reconciliation within thirty (30) days.

5.2 Vendor will, at any time with reasonable notice given, during the period when Ingram is holding Managed Inventory, be entitled to inspect the Managed Inventory at Ingram's facilities, in order to verify inventory levels; provided that Vendor may conduct no more than two inspections in any twelve (12) month period.

II. PURCHASES OF MANAGED INVENTORY

6. PRODUCT PURCHASES

6.1 *Product* . Vendor agrees to make available and to sell to Ingram such Products held in Managed Inventory as Ingram shall order from Vendor at the prices and subject to the terms set form in this Agreement. Ingram shall not be required to purchase any minimum amount or quantity of the Managed Inventory. Vendor grants to Ingram, and Ingram accepts, the non-exclusive right to distribute in the United States (including the fifty (50) United States and the District of Columbia and all U.S. Territories, Possessions, U.S. Military Bases (APO/FPO addresses) and Embassies outside the U.S.) the Products during the term of this Agreement.

6.2 *Product Purchases* . Following its sale of a Product by Ingram to its customer (as evidenced by a sales invoice to its customer), Ingram shall issue a purchase order to Vendor for the Product (as evidenced by a sales invoice to its customer). Ingram may consolidate a number of Products sales on one purchase order; provided that Ingram issues at least one purchase order each month.

6.3 *Invoicing* . Upon receipt of Ingram's purchase order, Vendor shall issue an invoice for only those Products and quantities listed on the purchase order. All Product sales invoices shall be due net [***] days from date of receipt. Ingram will pay Vendor one time per month for any invoices not held in reserve for: (i) Product on hand at customers who have purchased Products from Ingram, including but not limited to a returned Product reserve equal to fifteen percent (15%) of the average monthly Product purchases by Ingram during the prior six month period, (ii) Product due to be returned or in transit to Ingram from its customers, including any Product subject to opened Product return approvals granted by Ingram to its customers, (iii) marketing programs which will occur in the near future, (iv) pass through marketing debits to which Ingram's customers may be entitled, (v) past due service fees, and (vi) any outstanding debits, including but not united to Product return debits, or invoice to Vendor.

6.4 *Sales and Selling Price* . Ingram's purchase price of each Product shall be as stated on Attachment II to this Agreement, subject to Vendor's right to change the purchase price upon giving thirty (30) days' prior written notice to Ingram. Ingram shall purchase the Product at the price in effect on the date Ingram sells the Product to its customer. Ingram's Product resale price shall be solely within its discretion.

[*** Confidential Treatment Requested]

6.5 *Special Pricing* . In the event Vendor offers special Product pricing, discounts, rebates or incentives ("special pricing") for Product sales to a specific Ingram customer or group of customers, all Products subject to the special pricing shall be assigned a separate sku number and pricing. Additional sku numbers shall be subject to the limits and additional fees stated in Schedule A. Any such special pricing shall be deemed to be a form of marketing incentive to persuade the customer to purchase the Product. Ingram shall not be obligated to recover any such special pricing in the event that the customer returns the Product.

6.6 *Price Protection* . In the event Ingram's customer returns a Product for any reason and Vendor has reduced the price of such Product, Vendor will credit Ingram for the difference between the reduced price and invoice price of any Product purchased by Ingram.

6.7 *Sales Reports* . Ingram shall make available to Vendor via its Bulletin Board System ("BBS") or File Transfer Protocol ("FTP") a "Detail Vendor Buying Report" each week and a standard point of sale ("POS Zip") report each month. Ingram will supply a more detailed "Customer POS Report" monthly for a $500 set up fee and a $500 monthly fee under the terms of a separate POS report license agreement. Ingram shall make available to Vendor, through an FTP site, daily sales and weekly inventory reports.

7. MARKETING AND CUSTOMER SERVICES

7.1 *Catalog* . Ingram may list the Products in its electronic product catalog. Vendor shall promptly provide Ingram with all Product descriptions necessary to complete the listing of the Product in the catalog.

7.2 *Trademarks* . Ingram may advertise and promote the Product and/or Vendor, and may thereby use Vendor's trademarks, service marks and trade names. Neither party shall acquire any rights in the trademarks, service marks or trade names of the other.

7.3 *Marketing Programs* . Ingram may offer marketing programs to Vendor including but not limited to launch programs and reseller pass through opportunities. If Vendor elects to participate, Vendor agrees to pay such funds as may be required for this purpose. Vendor shall prepay all marketing activities until a mutually agreed upon sell through rate is achieved.

7.4 *Support Product* . Vendor shall consign a reasonable amount of demonstration Product to aid Ingram in its support and promotion of Product. All such consigned Product will be returned to Vendor upon request.

7.5 *Vendor-Sponsored Marketing Programs* . Vendor shall not offer Ingram's customers any pass through advertising or marketing funds, unless Ingram has agreed to such funds in writing. Vendor shall be responsible for all costs of and related to such funds and shall hold Ingram harmless from any and all claims raised by any third party, including Ingram's customer, related to such funds. Ingram shall have no obligation to recover any funds passed through to Ingram's customer even if Vendor determines that the funds were not used by the customer in the manner intended. Vendor agrees to pay Ingram a processing fee of $500 ($1500 in the event that Ingram has not pre-approved the program) for each advertising or marketing fund program that requires Ingram to pass through funds to its customers. In the event that Vendor commits to provide advertising or marketing funds to any Ingram customer without Ingram's prior approval, Vendor

agrees to reimburse Ingram within one business day following notice for any funding claims and/or debits claimed by its customers.

7.6 *Customer Backorders* . In the event a Product is not available for shipment at the time Ingram accepts an order for the Product from its customer, Vendor shall pay all freight and shipping costs associated with delivering the Product to the customer when the Product becomes available.

8. RETURNS

8.1 *General* . Notwithstanding anything herein to the contrary, Ingram may return throughout the term any Products that are in their original packaging, including, but not limited to, any Product that Ingram has purchased from Vendor. Vendor shall pay Ingram a return processing fee of $2.50 for each unit of Product returned to Ingram by its customers in excess of five percent (5%) of the total number of units of that Product delivered by Ingram to that customer during the two preceding calendar months.

8.2 *Post-Term/Termination* . For one hundred eighty (180) days after the expiration or earlier termination of this Agreement, Ingram may return to Vendor any Product mat it may have in its inventory or that it may receive from its customers. Any credit or refund due Ingram for returned Product shall be equal to the Product purchase price plus all freight charges incurred by Ingram in returning the Product. In addition, Vendor shall pay a fee of $2.50 per unit for each Product unit returned by Ingram to Vendor.

8.3 *Product Discontinuation* . Vendor shall give Ingram thirty (30) days' advance written notice of Product discontinuation. At its option, Ingram may return all discontinued Product to Vendor at Vendor's expense.

8.4 *Defective and Non-salable Product* . Ingram will refer to Vendor any requests by its customers to return defective or otherwise non-salable Products, and Vendor shall promptly handle all such requests. Any Product shall be deemed to be non-salable Product if Ingram or its customer believes that a Product is not fit for sale for whatever reasons, including but not limited to the fact that the Product's packaging has been opened. In the event that defective or non-salable Products are returned to Ingram, Ingram may return such Product to Vendor and Vendor will be charged a fee of $5 for each unit of Product. If any Product is recalled by Vendor because of defects, revisions or upgrades, Ingram will, at Vendor's request, provide reasonable assistance with the recall and Vendor will pay Ingram's expenses in connection with such recall.

8.5 *Returns Processing* . Upon its receipt of any Product return permitted under this Section 8, Ingram may debit Vendor's account immediately in the amount of the Product purchase price plus all freight charges incurred by Ingram in receiving the Product. Upon entry of such debit, Vendor shall promptly grant Ingram a credit, or cash refund if no invoices are outstanding. Returned Products that are in salable condition (i.e. the Product's packaging is unopened) shall be returned to Managed Inventory and will be managed by Ingram per the terms of this Agreement. Products that are not in resalable condition shall be returned to Vendor at a cost of $5 per unit plus any shipping and handling expenses. Ingram may request a Return Material Authorization ("RMA") for all Products that are not resalable. In the event that an RMA for the

return of Product is not issued within five (5) days of the request, Ingram shall have the right to return any Products to Vendor without an RMA.

9. TERM AND TERMINATION

9.1 *Term* . The initial term of this Agreement shall begin on the Effective Date and continue for a period of one year thereafter, unless terminated as permitted under the terms of this Agreement. Thereafter, the Agreement shall automatically renew for additional one (1) year periods.

9.2 *Termination* . Either party may terminate the Agreement, with or without cause, with ninety (90) days' advance written notice.

10. INSURANCE

Vendor shall obtain and maintain, at its expense, a policy or policies of:

(a) Commercial General Liability (including product and completed operations, personal and advertising injury and contractual liability coverage) with a minimum per occurrence limit of $3,000,000; General Aggregate limit of $4,000,000; Products and Completed Operations Aggregate limit of $3,000,000 and Personal & Advertising Injury limit of $3,000,000, written on an occurrence form. The insurance policy will include a Broad Form Vendor Endorsement executed in favor of Ingram Micro Inc.

(b) Workers' Compensation Insurance with statutory limits granting a waiver of subrogation in favor of Ingram Micro Inc.

(c) Employers' Liability (Stop-Gap Liability) insurance with minimum limits of $1,000,000.

(d) Automobile Liability Insurance with $3,000,000 coverage limits for each accident, including owned, non-owned and hired vehicles.

(e) The coverage territory applicable to the insurance policies required above must be worldwide with the exception of Workers' Compensation insurance, which must be maintained in those territories where such coverage is mandated, and Auto Liability. Vendor will provide Certificates of Insurance at all times naming Ingram Micro Inc. as "Additional Insured" with respect to General Liability and Auto Liability policies. Vendor shall provide the Certificates of Insurance, evidencing the required coverage and specifically confirming the broad form vendor endorsement, advertisers liability and waiver of subrogation as stated above upon execution of this Agreement and at each renewal thereafter.

(f) Vendor's insurers must be Best rated A-, VII or better. Policy limits may not be reduced, terms materially changed, or policies canceled by either party except after thirty (30) days prior written notice to Ingram. Vendor's insurance shall be primary with respect to all obligations assumed by Vendor pursuant to this Agreement. Any insurance carried by Ingram Micro shall not contribute to insurance maintained by Vendor. Coverage and limits referred to above shall not in any way limit the liability of Vendor.

11. WARRANTIES/CERTIFICATION

11.1 General Warranty . Vendor represents and warrants to Ingram, its customers, and affiliates that (i) it has good transferable title to the Products and all necessary licenses to prove

the Product for resale, (ii) the Product will perform in conformity with specifications and documentation supplied by Vendor, (iii) the Product is new and does not contain used or reconditioned parts, (iv) to Vendor's knowledge the Product or its use does not infringe any patents, copyrights, trademarks, trade secrets, or any other intellectual property rights, and (v) that there are no suits or proceedings pending or threatened which allege any infringement of such proprietary rights. Vendor represents and warrants that the Product sales to Ingram do not in any way constitute violations of any law, ordinance, rule or regulation in the distribution territory.

11.2 *End-User Warranty* . Vendor shall provide a warranty statement with Product for end user benefit. To the extent Vendor does not provide a warranty or specifically disclaims a warranty, it should be so clearly stated.

12. INDEMNIFICATION

12.1 *Product Indemnity* . Vendor shall defend, indemnify, and hold Ingram harmless from and against any claims, demands, liabilities, or expenses (including attorney's fees and costs) for any injury or damage, including, but not limited to, any personal or bodily injury or tangible property damage, arising out of or resulting in any way from any alleged defects in the material, workmanship, or performance of Products, or any other alleged act, omission, or misrepresentation by Vendor.

12.2 *Intellectual Property Rights/Infringement Indemnity* . Vendor shall defend, indemnify and hold Ingram harmless from and against any claims, demands, liabilities, or expenses (including attorney's fees and costs) incurred by Ingram arising from the alleged infringement of any patent, copyright, trademark, trade secret or other proprietary right by reason of the manufacture, sale, marketing, or use of Product in accordance with the terms of this Agreement Upon threat of claim or claim of infringement, Vendor may, at its expense and option (i) procure the right to continue using any part of Product, (ii) replace the infringing Product with a non-infringing Product of similar performance, or (iii) modify Product to make it non-infringing. If Vendor does not so act within ninety (90) days after notice of such claim, Ingram may return Product to Vendor for a full credit against future purchases or for a cash refund, at Ingram's option. Vendor shall have no liability under this Section 12.2 for any claim of infringement arising from modification of the Products other than as authorized by Vendor or combination or use of the Products with materials not furnished by Vendor if such infringement would have been avoided by use of the Products alone.

12.3 *Multi-Media Indemnity* . For Product incorporating multimedia elements, Vendor shall defend, indemnify and hold Ingram harmless from and against any claims, demands, liabilities, or expenses (including attorney's fees and costs) incurred by Ingram to the extent it is based upon a claim that the Product either (i) violates a third party's right of publicity and/or right of privacy, or (ii) contains any obscene, defamatory or libelous matter.

12.4 [***]

12.5 *Limitation of Liability* . NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR LOST PROFITS OF BUSINESS, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER BASED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE, STRICT

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LIABILITY OR OTHERWISE), AND WHETHER OR NOT ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS LIMITATION IS IN NO WAY MEANT TO LIMIT VENDOR'S LIABILITY FOR PERSONAL INJURY OR DEATH AS A RESULT OF A DEFECT IN ANY PRODUCT IN THOSE JURISDICTIONS WHERE THE LAW DOES NOT ALLOW THIS LIMITATION.

13. GENERAL PROVISIONS

13.1 *Confidentiality* .

(a) Either party may disclose to the other certain information in connection with its performance hereunder which it deems to be confidential and proprietary. Such information, which is originated by the disclosing party (the "Owner") or is within the special knowledge of such party and which is in documentary form and conspicuously marked "confidential" at the time of disclosure will be considered to be confidential and proprietary ("Confidential Information"). If such information is not in documentary form when disclosed, but is reduced to a writing and forwarded to the other party within ten (10) days of the date of initial visual or oral disclosure and marked "confidential", such information will be, from the time of initial disclosure considered as confidential and proprietary ("Confidential Information"). Notwithstanding, however, the presence or absence of a marking as indicated above, Confidential Information shall mean all information, regardless of the form in which it is transmitted, relating to the Owner's (or another party whose information Owner has in its possession under obligations of confidentiality) past, present or future research, development or business plans, operations or systems (including, without limitation, the terms and conditions of this Agreement, studies or reports, software, memoranda, drafts and other information in either tangible or intangible form).

(b) For a period of two (2) years from the date of disclosure to the party receiving the Confidential Information (the "Recipient"), Recipient shall not disclose any Confidential Information it receives from Owner to any person, firm or corporation except: (i) employees of Recipient and its affiliated companies who have a need to know and who have been informed of Recipient's obligation hereunder; (ii) contractors or consultants under contract to Recipient who have a need to know, who have been informed of Recipient's obligations hereunder, and who have agreed in writing not to disclose Confidential Information for a period not shorter than the nondisclosure period provided above; and (iii) as provided in subparagraph (c) below. Recipient shall use the same degree of care, but in no case less than reasonable care, to avoid disclosure of such Confidential Information as Recipient uses with respect to its own Confidential Information of like importance.

(c) Information shall not be deemed confidential or proprietary for purposes of this Agreement, and Recipient shall have no obligation with respect to any such information, which: (i) is already known to Recipient at the time of its disclosure; (ii) is or becomes publicly known through no wrongful act of Recipient; (iii) is received from a third party without similar restrictions and without breach of this Agreement; (iv) is independently developed by Recipient; or (v) is lawfully required to be disclosed to any government agency or is otherwise required to be disclosed by law.

(d) All Confidential Information disclosed by Owner to Recipient pursuant to this Agreement in tangible form (including, without limitation, information incorporated in computer software) shall be and remain in the property of Owner, and all such Confidential Information

shall be promptly returned to Owner or certified as destroyed, as the Owner may so designate, upon written request.

Neither party shall be liable for any errors or omissions in the Confidential Information or for the use or the results of use of Confidential Information. ALL CONFIDENTIAL INFORMATION UNDER THIS AGREEMENT IS PROVIDED "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, AND DISCLOSER HEREBY DISCLAIMS ANY IMPLIED WARRANTIES, INCLUDING MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

13.2 *Notices* . Any notice which either party may desire to give the other party must be in writing and may be given by (i) personal delivery to an officer of the party, (ii) by mailing the same by registered or certified mail, return receipt requested, to the party to whom the notice is directed at the address of such party as set forth at the beginning of this Agreement, or such other address as the parties may hereinafter designate, and (iii) by facsimile or telex communication subsequently to be confirmed in writing pursuant to item (ii) herein.

13.3 *Governing Law* . This Agreement shall be construed and enforced in accordance with the laws of the State of California, except that body of law concerning conflicts of law. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

13.4 *Cooperation* . Each party agrees to execute and deliver such further documents and to cooperate as may be necessary to implement and give effect to the provisions contained herein.

13.5 *Force Majeure* . Neither party shall be liable to the other for any delay or failure to perform which results from causes outside its reasonable control.

13.6 *Attorneys Fees* . In the event there is any dispute concerning the terms of this Agreement or the performance of any party hereto pursuant to the terms of this Agreement, and any party hereto retains counsel for the purpose of enforcing any of the provisions of this Agreement or asserting the terms of this Agreement in defense of any suit filed against said party, each party shall be solely responsible for its own costs and attorney's fees incurred in connection with the dispute irrespective of whether or not a lawsuit is actually commenced or prosecuted to conclusion.

13.7 *Counterparts* . This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.8 *Section Headings* . Section headings in this Agreement are for convenience only, and shall not be used in construing the Agreement.

13.9 *Incorporation of all Attachments* . Every attachment referred to hereinabove and attached hereto is hereby incorporated herein by reference as if set forth herein in full.

13.10 *Severability* . A judicial determination that any provision of this Agreement is invalid in whole or in part shall not affect the enforceability of those provisions found to be valid.

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13.11 *No Implied Waivers* . If either party fails to require performance of any duty hereunder by the other party, such failure shall not affect its right to require performance of that or any other duty thereafter. The waiver by either party of a breach of any provision of this Agreement shall not be a waiver of the provision itself or a waiver of any breach thereafter, or a waiver of any other provision herein.

13.12 *Binding Effect/Assignment* . This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective representatives, successors and permitted assigns. This Agreement shall not be assignable by either party, without the express written consent of the other party, which consent shall not be unreasonably withheld, including to a Person in which it has merged or which has otherwise succeeded to all or substantially all of such party's business and assets to which this Agreement pertains and which has assumed in writing or by operation of law its obligations under this Agreement. Any attempted assignment in violation of this provision will be void.

13.13 *Entire Agreement* . This Agreement constitutes the entire agreement between the parties regarding its subject matter. This Agreement supersedes any and all previous proposals, representations or statements, oral or written. Any previous agreements between the parties pertaining to the subject matter of this Agreement are expressly terminated. The terms and conditions of each party's purchase orders, invoices, acknowledgments/confirmations or similar documents shall not apply to any order under this Agreement, and any such terms and conditions on any such document are objected to without need of further notice or objection. Any modifications to this Agreement must be in writing and signed by authorized representatives of both parties.

13.14 *Authorized Representatives* . Either party's authorized representative for execution of this Agreement or any amendment hereto shall be president, a partner, or a duly authorized vice-president of their respective party. The parties executing this Agreement warrant mat they have the requisite authority to do so.

The signer represents that he/she has read this Agreement, agrees, and is an authorized representative of their respective party.

Ingram Micro Inc.		**VMware Inc.**	
By:	/s/ Donna Grothjan	By:	/s/ Thomas J. Jurewicz
Name:	Donna Grothjan	Name:	Thomas J. Jurewicz
Title:	Acting SR VP Product Mgmt.	Title:	VP Finance
Date:	5/22/02	Date:	4/19/2002

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SCHEDULE A

INVENTORY MANAGEMENT SERVICES

SPACE AND FEES

Definitions

“Casepack” shall mean a carton, containing a uniform number of units of the same Product SKU, that is shippable with the attachment of an outbound shipping label.

“Casepack Multipack” shall mean a carton, containing a uniform number of units of multiple Casepacks of the same Product SKU, that is shippable with the attachment of an outbound shipping label.

“Facility” shall mean any Ingram US Distribution Center located at:

State	Address	Function
CA	1050 S. State College Blvd., Fullerton CA 92831	Distribution
TX	1809 Frankford, Suite 100, Carrollton, TX 75007	Distribution
TN	3820 Micro Drive, Millington, TN 38053	Distribution
IL	415 East Lies Road, Carol Stream, IL 60188	Distribution
PA	80 Micro Drive, Jonestown, PA 17038	Distribution
PA	6455 Allentown Blvd., Harrisburg, PA 17112	Distribution and Returns

“Full Pallet” shall mean a uniform number of units of fee same Product SKU’s stored on a pallet with the following dimensions: length (44” x 48”), height (60” x 96”), width (40” x 42”).

“Mixed Carton” shall mean a carton containing SKU’s of more than one type of Product.

“Mixed Pallet” shall mean multiple SKU’s of more than one Product stored on a pallet

“SKU” or “Stock Keeping Unit” shall mean a single sellable unit of a Product.

Space Allocation

Ingram shall allocate 20 bin locations at the listed Facility to be determined by Ingram. Product may be stored and picked as a Full Pallet, Casepack, Casepack Multipack, or individual SKU.

Conveyable Standards

The outside dimensions of all Product packaging shall be within the following maximum sizes:

Maximum (inches): Length (34) x Width (34) x Height (34)

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Fees

Set-Up Fee. Vendor shall pay Ingram a one-time charge of $1500 to cover the cost of setting up Product sku's and catalog listings for up to twenty-five Product sku's. The set-up fee is to be paid via check in advance of setup. Ingram will set up additional Product sku's in excess of ten sku's at a cost of $500 per block of twenty-five sku's.

Monthly Maintenance Fee. Beginning in the first month after the date that the Agreement is executed by Vendor or the date when the Products are first delivered to Ingram (whichever occurs first), Vendor shall pay Ingram $1000 as a monthly maintenance charge for each block of ten sku's (or part thereof). Such maintenance charge shall be paid by check in advance on or before the first day of each month for the continuation of Agreement. For each additional block of twenty-five sku's set up, Vendor shall be entitled to fifty additional bin locations and 125 additional Casepacks receipts per month. An additional charge of $500 per month will be assessed on Product sku's that do not comply with the conveyable Standards (up to a maximum of five sku's).

Additional Bin Location Fee. In the event Vendor uses more than the number of bin locations allocated above, Vendor shall pay $1.75 per additional bin per day for each additional bin location used. Bin sizes may varying according to location and product type. Each bin location may or may not be filled entirely depending on the type, size, weight and number of Products units.

Additional Stock Order Fee. For each Stock Order in excess of four Stock Orders in a calendar month, Vendor shall pay $125.

Additional Casepack Receipts : Vendor shall pay $3 per Casepack for each Casepack in excess of the 125 Casepack maximum each month for each block of 25 SKUs. If a Product is received as a Casepack Multipack, each Multipack will be counted as one Casepack for purposes of determining the number of Casepacks received during a month.

Product Marking : Ingram shall charge a one dollar ($1.00) chargeback to Vendor for each unit of Product not in compliance with the Product marking requirements set forth in Section _____.

Conveyable Standards : In the event the Products do not comply with the conveyable standards a surcharge of $1.50 will apply to each Product unit and an additional storage fee will apply as per Schedule A.

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AMENDMENT #2 to the
DIRECTRAK AGREEMENT

This Amendment (the "Amendment") is entered into this 5th day of November, 2002, by and between Ingram Micro Inc. ("Ingram") and VMware Inc. ("Vendor").

The parties have agreed to amend their Directrak Inventory Management and Product Purchase Agreement ("Agreement") dated May 17, 2002.

1. Replace 2nd sentence of 6.3, Invoicing, with the following two sentences: "Sales invoices specifically identified with Product specifically for sale to [***] shall be due net [***] days from date of receipt. All other Product sales invoices shall be due net [***] days from date of receipt."

2. This Amendment shall remain in effect for the current term and any renewal term of the Agreement.

Notwithstanding the foregoing, all other provisions of the Agreement remain unchanged. The undersigned has read this Amendment, agrees hereto, and is an authorized representative of its respective party.

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, California 92705

By: /s/ Donna Grothjan

Name: Donna Grothjan

Title: SVP Product Mgmt.

Date: 11/13/02

VMware Inc.
3145 Porter Drive, Bldg. F
Palo Alto, California 94304

By: /s/ Thomas J. Jurewicz

Name: Thomas J. Jurewicz

Title: VP Finance

Date: 11/5/02

[*** Confidential Treatment Requested]

AMENDMENT #4
DIRECTRACK
INVENTORY MANAGEMENT AND PRODUCT PURCHASE AGREEMENT

THIS AMENDMENT (the "Amendment") is entered into this 18 th day of February 2004, by and between INGRAM MICRO INC. ("Ingram Micro") and VMware Inc. ("Vendor").

The parties have agreed to amend their Directrak Inventory Management and Product Purchase Agreement ("Agreement") dated May 17, 2002 as follows:

1. Replace 3 rd sentence of 6.1, "Product", with the following sentence: ". . .Vendor grants to Ingram Micro, and Ingram Micro accepts, the non-exclusive right to distribute in the United States (including the fifty (50) United States and the District of Columbia and all U.S. Territories, Possessions, U.S. Military Bases (APO/FPO addresses) and Embassies outside the U.S.), in Canada (including St. Pierre and Miquelon) and in Central and Latin America, the Products during the term of this Agreement".
2. This agreement shall remain if effect for the current term and any renewal term of the Agreement.

Notwithstanding the foregoing, all other provisions of the Agreement remain unchanged. The undersigned has read this Amendment, agrees hereto, and is and authorized representative of its respective party.

Ingram Micro Inc.
2100 NW 88Ct,
Miami, FL 33172
(Latin America Export Division)

By: /s/ James G. Harr

Name: /s/ James G. Harr

Title: Vice President

Date: 11/10/05

VMware Inc.
3145 Porter Drive, Bldg. F
Palo Alto, California 94304

By: /s/ Paul R. Auvil

Name: Paul R. Auvil

Title: Vice President & Chief Financial Officer

Date: 11/16/05

[*** Confidential Treatment Requested]

AMENDMENT #7
DIRECTRACK
INVENTORY MANAGEMENT AND PRODUCT PURCHASE AGREEMENT

THIS AMENDMENT (the "Amendment") is entered into this 27 th day of September 2004, by and between INGRAM MICRO INC. ("Ingram Micro") and VMware, Inc. ("Vendor").

The parties have agreed to amend their Directrak Inventory Management and Product Purchase Agreement ("Agreement") dated May 17, 2002 as follows:

1. In Section 8.1 the following phrase shall be shall be added to the beginning of the Section before the word "Notwithstanding":

   "For Products delivered on a consignment basis,"

2. The following shall be added to the end of Section 8.1:

   Notwithstanding anything herein to the contrary, any Products ordered on a non consignment basis ("Licensing Orders") may only be returned within thirty (30) days of shipment. All such Licensing Order Products returned past such thirty (30) day period shall be rejected by Vendor.

3. Attachment II shall be deleted in its entirety and replaced with the attached Attachment II.

Notwithstanding the foregoing, all other provisions of the Agreement remain unchanged. The undersigned has read this Amendment, agrees hereto, and is and authorized representative of its respective party.

Ingram Micro Inc.	**VMware Inc.**
1600 East St. Andrew Place	3145 Porter Drive
Santa Ana, California 92705	Palo Alto, California 94304
By: /s/ James G. Harr	By: /s/ Paul R. Auvil
Name: James G. Harr	Name: Paul R. Auvil
Title: VP Purchasing	Title: Vice President & Chief Financial Officer
Date: 9/27/04	Date: 9/27/04

[*** Confidential Treatment Requested]

Attachment II

Products : Distributor is authorized to sell all Products listed on the [***].

Discounts : Distributor shall be eligible for the level of discounts [***] in the [***]. The license fees payable by Distributor for the Product is based on these [***] discounts deducted from the [***] listed in the [***].

Modified Discounts for VMware Software Products : Distributor shall be granted the discounts listed below (in lieu of the discount [***] in the [***]) for resale of VMware software products to the [***] identified below. From time to time, VMware will provide a list of [***] included in the below identified [***]:

Type of [***]	Discount
[***]	[***]
[***]	[***]

[***] Software Product Resale : Distributor may only resell [***] and its related component products to the above identified types of [***].

Support and Subscription Services ("SnS") Renewal Discounts : Distributor is authorized to resell renewals of VMware SnS. Notwithstanding anything to the contrary in the [***], Distributor's discount for resale of renewal of SnS shall be [***] percent.

Minimum Order Requirements : [***]

[*** Confidential Treatment Requested]

AMENDMENT #8
DIRECTRACK
INVENTORY MANAGEMENT AND PRODUCT PURCHASE AGREEMENT

THIS AMENDMENT (the "Amendment") is entered into this 31 st day of December 2004, by and between INGRAM MICRO INC. ("Ingram Micro") and VMware, Inc. ("Vendor").

The parties have agreed to amend their Directrak Inventory Management and Product Purchase Agreement as amended ("Agreement") dated May 17, 2002 as follows:

1. Attachment II shall be added to the Agreement, a copy of which is attached hereto.

Notwithstanding the foregoing, all other provisions of the Agreement remain unchanged. The undersigned has read this Amendment, agrees hereto, and is and authorized representative of its respective party.

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, California 92705

By: /s/ James Harr

Name: James Harr

Title: VP Purchasing

Date: 1/4/05

VMware, Inc.
3145 Porter Drive
Palo Alto, California 94304

By: /s/ Paul R. Auvil

Name: Paul R. Auvil

Title: Vice President & Chief Financial Officer

Date: 1/6/05

[*** Confidential Treatment Requested]

Attachment II

Products : Distributor is authorized to sell all Products listed on the [***].

Discounts : Distributor shall be eligible for the level of discounts [***] in the [***]. The license fees payable by Distributor for the Product is based on these [***] discounts deducted from the [***] listed in the [***].

Modified Discounts for VMware Software Products : Distributor shall be granted the discounts listed below (in lieu of the discount [***] in the [***]) for resale of VMware software products to the [***] identified below. From time to time, VMware will provide a list of [***] included in the below identified [***]:

Type of [***]	Discount
[***]	[***]
[***]	[***]

[***] Software Product Resale : Distributor may only resell [***] and its related component products to the above identified types of [***].

Support and Subscription Services ("SnS") Renewal Discounts : Distributor is authorized to resell renewals of VMware SnS. Notwithstanding anything to the contrary in the [***], Distributor's discount for resale of renewal of SnS shall be [***] percent.

Minimum Order Requirements : [***]

[*** Confidential Treatment Requested]

AMENDMENT #10
DIRECTRACK
INVENTORY MANAGEMENT AND PRODUCT PURCHASE AGREEMENT

THIS AMENDMENT (the "Amendment") is entered into this 19th day of August 2005, by and between INGRAM MICRO INC. ("Ingram Micro") and VMware, Inc. ("Vendor").

The parties have agreed to amend their Directrak Inventory Management and Product Purchase Agreement as amended ("Agreement") dated May 17, 2002 as follows:

1. In Attachment II to the Agreement, the section entitled " **Modified Discounts for VMware Software Products** " shall be deleted and replaced with the following:

   Modified Discounts for VMware Software Products : Distributor shall be granted the discounts listed below (in lieu of the discount [***] in the [***]) for resale of VMware software products to the [***] identified below. From time to time, VMware will provide a list of [***] included in the below identified [***]:

Type of [***]	Discount
[***]	[***]
[***]	[***]
[***]	[***]

Notwithstanding the foregoing, all other provisions of the Agreement remain unchanged. The undersigned has read this Amendment, agrees hereto, and is and authorized representative of its respective party.

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, California 92705

By: /s/ James G. Harr

Name: James G. Harr

Title: Vice President

Date: 8/18/05

VMware, Inc.
3145 Porter Drive
Palo Alto, California 94304

By: /s/ Paul R. Auvil

Name: Paul R. Auvil

Title: Vice President & Chief Financial Officer

Date: 8/19/05

[*** Confidential Treatment Requested]

ADDENDUM TO
VMWARE DISTRIBUTOR AGREEMENT
(VMWARE DISTRIBUTOR VIP PROGRAM FOR VALUE ADDED DISTRIBUTORS
("VADS"))

This Addendum to the VMware Distributor Agreement ("Agreement") by and between Distributor and VMware, Inc. ("VMware") is made and entered into as of the date of the latest signature indicated below ("Addendum Effective Date").

RECITALS

WHEREAS, VMware appointed Distributor, a distributor of VMware Products under the terms set forth in the Agreement;

WHEREAS, This Addendum governs the participation of Distributor in additional incentive programs ("Incentive Programs") provided under VMware's VIP Program for VADs ("Partner Program") under the terms described herein.

NOW THEREFORE, in consideration of these premises and the mutual promises contained herein, the parties agree as follows.

1. Distributor acknowledges that they have reviewed and agree to the Partner Program guidelines and policies ("Partner Guidelines") governing participation in VMware's available Incentive Programs under VMware's VIP Program for VADs. Such Partner Guidelines will be available on Partner Central at http://www.vmware.com/partnercentral (or such other site specified by VMware) and will incorporate any current or future Partner Program guidelines to be implemented by VMware, including but not limited to, guidelines for the inaugural Incentive Program, VMware's Opportunity Registration. Partner Guidelines will be periodically updated on Partner Central and initial enrollment in an Incentive Program will require the explicit acceptance by Distributor of the Partner Guidelines pertaining to such Partner program in writing submitted to VMware.

2. The current version of the Opportunity Registration guidelines are attached as Exhibit A. If a provision of this Addendum conflicts with the Agreement, this Addendum will take precedence.

[*** Confidential Treatment Requested]

IN WITNESS WHEREOF, Distributor and VMware have caused this Agreement to be signed by their duly authorized representatives, effective as of the Amendment Effective Date.

VMware, Inc.		**Distributor**	
		Ingram Micro, Inc.	
By:	/s/ Paul R. Auvil	By:	/s/ James G. Harr
Print Name:	Paul R. Auvil	Print Name:	James G. Harr
Title:	Vice President & Chief Financial Officer	Title:	Vice President
Date:	1/27/06	Date:	1/27/06

[*** Confidential Treatment Requested]

ADDENDUM TO
VMWARE DISTRIBUTOR OR RESELLER AGREEMENT

January 11, 2007

Ingram Micro Inc.
1600 East St. Andrew Place
Santa Ana, CA 92705

Re: VMware VMTN

Please take notice that pursuant to the VMware distributor or reseller agreement ("Agreement") by and between you and VMware, under which you resell various VMware products and services, the applicable product and price list is hereby amended to exclude VMTN. This change shall take effect upon expiration of the notice period specified in the Agreement.

Please feel free to contact me if you have any questions regarding this matter. Thank you for your cooperation.

Very truly yours,

VMWARE, INC.

By: /s/ Tom Jurewicz
Tom Jurewicz
Vice President of Finance

[*** Confidential Treatment Requested]

ADDENDUM TO
VMWARE DISTRIBUTOR OR RESELLER AGREEMENT

January 29, 2007

Ingram Micro Inc.
3600 East St. Andrew Place
Santa Ana, CA 92705

Re: VMware P2V Assistant

Please take notice that pursuant to the VMware distributor or reseller agreement ("Agreement") by and between you and VMware, under which you resell various VMware products and services, (the applicable product and price list is hereby amended to exclude VMware P2V Assistant. This change shall take effect upon expiration of the notice period specified in the Agreement.

Please feel free to contact me if you have any questions regarding this matter. Thank you for your cooperation.

Very truly yours,

VMWARE, INC

By: /s/ Tom Jurewicz
Tom Jurewicz
Vice President of Finance

[*** Confidential Treatment Requested]

Exhibit 10.17

FORM OF

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this " Agreement ") is dated as of this [___] day of [_____], 2007, by and between VMware, Inc. a Delaware corporation (" Buyer "), and EMC Corporation, a Massachusetts corporation (" Seller ").

RECITALS

WHEREAS, Seller is the beneficial owner of all the membership interests (" Membership Interests ") of 3401 Hillview Avenue LLC, a Delaware limited liability company (the " Company "); and

WHEREAS, Seller desires to sell, transfer and deliver, and Buyer desires to purchase and acquire, all of Seller's right, title and interest in and to the Membership Interests for the consideration and upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and the covenants of the parties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, subject to the terms and conditions set forth herein the parties hereby agree as follows:

Article 1. Purchase and Sale of Membership Interests .

1.1 Agreement to Purchase and Sell . Upon the terms and subject to the conditions set forth in this Agreement and upon the representations and warranties made herein by each of the parties to the other, on the [Closing Date], Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller the Membership Interests and all of Seller's right, title and interest in and to the Company.

The aggregate purchase price for the Membership Interests shall be an amount (the " Purchase Price ") equal to $ [__] in U.S. dollars which Buyer shall pay on the Closing Date.

1.2 Closing ;

(a) On the Closing Date, Seller shall deliver to Buyer the following document, duly executed and acknowledged by Seller, as appropriate:

(i) an Assignment and Assumption of Membership Interests the " Assignment and Assumption ") in the form of Exhibit A attached hereto; and

(b) On the Closing Date, Buyer shall deliver to Seller the following:

(i) the Purchase Price; and

(ii) the Assignment and Assumption.

Article 2. Closing Costs; Prorations .

2.1 Closing Costs . Buyer shall be responsible for (i) one-hundred percent (100%) of the cost of any applicable state, city, local or county real property transfer, conveyance, sales, use, recordation or other similar taxes or impositions relating to the transfer or conveyance of the Membership Interests from Seller to Buyer and (ii) one-hundred percent (100%) of all costs related to the recordation or filing of any documents or instruments in connection with the transfer or conveyance of the Membership Interests from Seller to Buyer. Except as otherwise specifically provided in this Agreement and/or the Master Transaction Agreement, each party shall bear its own costs in performing its obligations under this Agreement including, without limitation, its own attorneys' fees.

2.2 Prorations . The items set forth in Section 2.2(a) and (b) below are to be prorated or adjusted as of 11:59 p.m., Eastern Standard Time, on the day immediately prior to the Closing Date (the " Proration Date "), with Seller deemed in possession of the Membership Interests, and therefore entitled to receive any income therefrom which has been distributed on or prior to the Proration Date, and obligated to pay the expenses thereof, on or prior to the Proration Date, and Buyer entitled to any income therefrom which shall be distributed after the Proration Date and responsible for the expenses of the Membership Interests after the Proration Date.

(a) Buyer shall be responsible for all taxes levied or assessed against the Membership Interests in respect of income distributed after the Proration Date, whether accruing on, prior to or after the Proration Date, and Seller shall be responsible for all taxes levied or assessed against the Membership Interests in respect of income distributed on or prior to the Proration Date. Seller shall cooperate with Buyer, without making any representations or warranties, in connection with the transfer or assignment to Buyer of any tax credits or abatements, if any, applicable to the Membership Interests, subject to the next sentence of this Section. In addition, (A) Seller shall be entitled to receive all tax credits, abatements or refunds, if any, applicable to the Membership Interests for tax years occurring on or prior to the tax year in which the Proration Date occurs and (B) Buyer shall be entitled to receive all tax credits, abatements or refunds, if any, applicable to the Membership Interests for tax years occurring after the tax year in which the Proration Date occurs. Buyer will give Seller prompt notice of any communication from any taxing authority regarding income taxes affecting 3401 Hillview Avenue LLC prior to the Proration Date.

(b) All prorations and Closing adjustments shall be made on the basis of a 365-day calendar year. All such prorations and adjustments shall be subject to post-Closing adjustments as necessary to reflect later relevant information not available at Closing and to correct any errors made at Closing with respect to such apportionments, and the party receiving more than it was entitled to hereunder shall reimburse the other party in the amount of such overpayment within thirty (30) days after receiving written demand therefor. Notwithstanding the foregoing, such apportionments shall be deemed final and not subject to further post-Closing adjustment if no such adjustments have been requested within one (1) year after the Closing Date.

(c) The obligations of the parties under this Section 2.2 shall survive the Closing Date.

Article 3. Seller Representations . Seller represents and warrants the following as of the date of this Agreement and as of the Closing Date:

3.1 Seller is the sole owner and holder of the Membership Interests and of all legal and beneficial rights to the Membership Interests, free and clear of any liens, encumbrances, options, charges, claims, restrictions, pledges, calls, commitments, or rights of others (collectively, " Liens ");

3.2 the Limited Liability Company Agreement of 3401 Hillview Avenue LLC dated January 20, 2005, by Seller with respect to the Company constitutes the entire agreement regarding the formation, organization, ownership, management, and control of the Company, and there exist no other agreements, undertakings, or commitments with respect thereto;

3.3 the Company is the sole owner and holder of the entire, undivided right, title, and interest of the lessee under the Ground Lease (the " Ground Lease ") dated February 2, 2006, by The Board of Trustees of the Leland Stanford Junior University, as lessor, and the Company, as lessee, and of all legal and beneficial rights of the lessee thereunder; and

3.4 the Company owns no assets and is subject to no liabilities, other than the Ground Lease.

Article 4. Indemnification.

(a) From and after the Closing Date, Seller shall defend, indemnify and hold harmless Buyer, its subsidiaries and affiliates and each of Buyer's, its subsidiaries' and affiliates' respective officers, directors, employees and agents (the " Buyer Indemnified Parties ") from and against any and all costs, expenses, losses, damages and liabilities (including reasonable attorneys' fees and expenses) (collectively, " Losses ") incurred by such Buyer Indemnified Party arising (1) from any claim by any third party other than any Buyer Indemnified Party arising in respect of the Membership Interests in connection with any matter arising prior to the Closing Date or (2) from any breach of any representation or warranty made by Seller and set forth in this Agreement as of the date made or as of the Closing Date. Notwithstanding anything in this Agreement to the contrary, in no event shall Seller be liable for (i) punitive, consequential, incidental, indirect or special damages of any kind or nature, or any diminution in value, regardless of the form of action through which such damages are sought except to the extent payable by a Buyer Indemnified Party to a third party in connection with a claim for such damages brought by such third party and with respect to which claim Seller is otherwise obligated to indemnify such Buyer Indemnified Party pursuant to this Section 4(a) or (ii) any Losses incurred by such Buyer Indemnified Party as a result of a breach by Buyer of a representation or warranty made by Buyer in this Agreement.

(b) From and after the Closing Date, Buyer shall defend, indemnify and hold harmless Seller, its subsidiaries and affiliates and each of Seller's, its subsidiaries' and affiliates' respective officers, directors, employees and agents (the " Seller Indemnified Parties ") from and against any and all costs, expenses, losses, damages and liabilities (including reasonable attorneys' fees and expenses) (collectively, " Losses ") incurred by such Seller Indemnified Party arising (1) from any claim by any third party other than any Seller Indemnified Party arising in respect of the Membership Interests in connection with any matter arising on or after the Closing Date or (2) from any breach of any representation or warranty made by Buyer and set forth in this Agreement as of the date made or as of the Closing Date. Notwithstanding anything in this Agreement to the contrary, in no event shall Buyer be liable for (i) punitive, consequential, incidental, indirect or special damages of any kind or nature, or any diminution in value, regardless of the form of action through which such damages are sought except to the extent payable by a Seller Indemnified Party to a third party in connection with a claim for such damages brought by such third party and with respect to which claim Buyer is otherwise obligated to indemnify such Seller Indemnified Party pursuant to this Section 4(b) or (ii) any Losses incurred by such Seller Indemnified Party as a result of a breach by Seller of a representation or warranty made by Seller in this Agreement.

(c)(i) Promptly after receipt by the party seeking indemnification (the " Indemnified Party ") from a third party of notice of any action, suit, proceeding, claim, demand or assessment against such Indemnified Party which might give rise to a claim for Losses under this Article 4 (a " Third Party Claim "), such Indemnified Party shall give written notice thereof to the party from which indemnification is sought (the " Indemnifying Party ") indicating the nature of such claim and the basis therefor; provided , however , that failure to give such notice shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. The Indemnifying Party shall have the right, at its option, to assume the defense of any Third Party Claim, at its own expense and by its own counsel. If the Indemnifying Party shall, in accordance with the preceding sentence, undertake to defend any such asserted liability, the Indemnifying Party shall promptly notify the Indemnified Party of its intention to do so, and such Indemnified Party shall agree to cooperate fully with the Indemnifying Party and its counsel in the compromise of, or defense against, any such asserted liability; provided , however , that the Indemnifying Party's counsel shall be reasonably satisfactory to such Indemnified Party and the Indemnifying Party shall not settle any such asserted liability without the written consent of such Indemnified Party (which consent will not be unreasonably withheld); provided , further , however , that the immediately preceding proviso shall not apply in the case of any settlement that unconditionally releases such Indemnified Party completely in connection with such matter and that provides relief consisting solely of money damages borne by the Indemnifying Party.

(d) The remedies provided in this Article 4 shall be deemed the sole and exclusive remedies of the parties, from and after the Closing Date, with respect to any and all claims out of or in connection with this Agreement and the transactions contemplated hereby.

(e) The provisions of this Article 4 shall survive the Closing Date.

Article 5. Miscellaneous .

5.1 Notice . All notices, consents, requests, instructions, approvals and other communications provided for herein shall be validly given, made or served only if in writing and delivered personally; sent by certified or registered first class mail, return receipt requested, postage prepaid; or delivered by recognized overnight courier by proof of signature to the following address:

If to Seller:

EMC Corporation
176 South Street
Hopkinton, MA, 01748
Attn: Office of the General Counsel

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Beacon Street
Boston, MA 02108-3194
Attn:

If to Buyer:

VMware, Inc.
3401 Hillview Drive
Palo Alto, CA 94304
Attn: Legal Department

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt. All notices shall be deemed received on the date of delivery or, if mailed, three (3) business days after the date appearing on the return receipt therefor.

5.2 Binding Effect; Benefits . This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, executors, administrators and assigns. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

5.3 Entire Agreement . Except as otherwise expressly set forth in this Agreement, together with other documents contemplated hereby, constitute the final written expression of all of the agreements between the parties, and is a complete and exclusive statement of those terms. It supersedes all understandings and negotiations concerning the

matters specified herein. Any representations, promises, warranties or statements made by either party that differ in any way from the terms of this written Agreement, and other documents contemplated hereby, shall be given no force or effect.

5.4 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the principles of conflicts of laws.

5.5 Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

5.6 Headings . Headings of the Sections of this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

5.7 Severability . If for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be inoperative, unenforceable or invalid as applied to any particular case or in all cases, such circumstances shall not have the effect of rendering such provision invalid in any other case or of rendering any of the other provisions of this Agreement inoperative, unenforceable or invalid.

5.8 Assignability . Neither this Agreement nor any of the parties' rights hereunder shall be assignable by any party hereto without the prior written consent of the other party hereto.

5.9 Amendment and Modifications . No change, modification, alteration, amendment or agreement to discharge in whole or in part, or waiver of, any of the terms and conditions of this Agreement, shall be binding upon any party, unless the same shall be made by a written instrument signed and executed by the authorized representatives of each party, with the same formality as the execution of this Agreement.

5.10 Arbitration . Any disputes between the parties hereto shall be resolved by arbitration in The City of Boston in accordance with the Commercial Arbitration Rules (Expedited Procedures) of the American Arbitration Association or its successor.

5.11 Further Assurances . The parties agree to (a) furnish promptly after request by the other party such further information and (b) execute and deliver to each other such other documents, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement, provided that in each case such actions are permitted in accordance with applicable law.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf on the day and year hereinabove first set forth.

BUYER:

VMWARE, INC.

By: _____
Name:
Title:

SELLER:

EMC CORPORATION

By: _____
Name:
Title:

EXHIBIT A
FORM OF ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

ASSIGNMENT AND ASSUMPTION
OF MEMBERSHIP INTERESTS
3401 HILLVIEW AVENUE LLC

This ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS, dated as of [_____], 2007 (this " Assignment "), is by and between EMC CORPORATION (the " Assignor "), and VMWARE, INC. (the " Assignee ").

WHEREAS, the Assignor owns a [ ]% membership interest (the " Transferred Interest ") in 3401 Hillview Avenue LLC (the " Company ");

WHEREAS, the parties have agreed to execute this Assignment pursuant to that certain Purchase and Sale Agreement, dated as of [_____], 2007, by and between the Assignor and the Assignee;

WHEREAS, the Assignor desires to assign the Transferred Interest to the Assignee effective as of the date of this Assignment; and

WHEREAS, the Assignee desires to accept such assignment.

NOW THEREFORE, in consideration of the foregoing and the covenants of the parties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, subject to the terms and conditions set forth herein, the parties hereby agree as follows:

1. The Assignor hereby unconditionally and irrevocably transfers, assigns, contributes and sets over to the Assignee the Transferred Interest and all of the Assignor's right, title and interest in and to the Company.

2. The Assignee hereby accepts the Transferred Interest.

3. The Assignee hereby assumes all of the obligations of the Assignor with respect to the Transferred Interest arising from and after the date hereof.

4. This Assignment shall take effect as of the date hereof.

5. This Assignment shall inure to the benefit of and be binding upon the Assignor and the Assignee and their respective successors and assigns.

6. This Assignment shall be construed and enforced in accordance with the laws of the State of California, without regard to its principles of conflict of laws.

7. This Assignment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the day and year first written above.

ASSIGNOR:

EMC CORPORATION

By: _____
Name:
Title:

ASSIGNEE:

VMWARE, INC.

By: _____
Name:
Title:

Exhibit 10.18

CLASS A COMMON STOCK PURCHASE AGREEMENT

This Class A Common Stock Purchase Agreement (the " Agreement ") is entered into as of July 9, 2007 (the " Effective Date ") by and among **VMWARE, INC.** , a Delaware corporation (the " Company "), and **INTEL CAPITAL CORPORATION** , a Delaware corporation (" Investor ").

In consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. DEFINITIONS .

1.1 Certain Defined Terms . As used in this Agreement, the following terms shall have the following respective meanings:

" Class A Common Stock " shall mean the Company's Class A common stock, par value $0.01 per share.

" Class B Common Stock " shall mean the Company's Class B common stock, par value $0.01 per share.

" Common Stock " shall mean, collectively, the Company's Class A Common Stock and Class B Common Stock.

" Conversion Shares " shall mean any shares of Class A Common Stock issued upon conversion of the Series A Preferred Stock.

" Exchange Shares " shall mean any shares of Series A Preferred Stock issued upon exchange of the Shares by Investor as provided in the Investor Rights Agreement.

" Material Adverse Effect " means a material adverse effect on the financial condition, business, assets or operations of the Company and its subsidiaries, taken as a whole; provided, however, that no effects resulting from the announcement of the execution of this Agreement, the consummation of the investment by Investor contemplated by this Agreement, or the pendency of such investment by Investor shall be deemed to be or constitute a Material Adverse Effect or be taken into account when determining whether a Material Adverse Effect has occurred or exists.

" Qualified Public Offering " means a firm commitment underwritten public offering of the Company's Class A Common Stock pursuant to an effective registration statement under the Act for an aggregate price to the public of at least $250 million.

1.2 Index of Other Defined Terms . In addition to the terms defined above, the following terms shall have the respective meanings given thereto in the sections indicated below:

Defined Term	Section
" Act "	4.5(b)
" Adjusted Shares "	6.1(b)(i)
" Agreed Investor Designee "	6.2
" Agreement "	Preamble
" Anti-Dilution Shares "	6.1(a)
" Certificate "	2.1
" Closing "	3.1
" Common Shares "	6.1(b)(ii)
" Company "	Preamble
" Consent "	4.6
" Convertible Securities "	6.1(b)(iii)
" Dilutive Issuance "	6.1(a)
" Dilutive Shares "	6.1(b)(iv)
" DOJ "	10.15
" Effective Date "	Preamble
" EMC "	7.6
" Financial Statements "	4.7
" FTC "	10.15
" HSR Act "	4.6
" Investor "	Preamble
"Investor Rights Agreement"	7.8
" Options "	6.1(b)(v)
" Original Issue Price "	6.1(b)(vii)
" Original Shares "	6.1(b)(vi)
" Recapitalization Event"	6.1(b)(iv)
" Registration Statement "	4.7(a)
" Schedule of Exceptions "	4
" SEC "	4.7
" Series A Preferred Stock "	4.2(d)
" Shares "	2.2
" Termination Date "	9.1
" Trigger Price "	6.1(b)(vii)

2. AGREEMENT TO PURCHASE AND SELL STOCK .

2.1. Authorization . As of the Closing (as defined below), the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, to Investor of 9,500,000 shares of the Company's Class A Common Stock, par value $0.01 per share, having the rights, preferences, privileges and restrictions set forth in the Amended and Restated Certificate of Incorporation of the Company as in effect on the date of this Agreement (the " Certificate ").

2.2. Agreement to Purchase and Sell . Subject to the terms and conditions hereof (including, without imitation Sections 2.3 and 6.1 below), on the date of the Closing, the Company will issue and sell to Investor, and Investor shall purchase from the Company, 9,500,000 shares of Class A Common Stock (the " Shares ") at a price of $23.00 per share for an aggregate purchase price of $218.5 million. The purchase price for the Shares shall be paid by wire transfer of funds to a designated account of the Company, provided that wire transfer instructions are delivered to Investor at least one (1) business day prior to the Closing.

2.3 Adjustment . If prior to the Closing their has been a Dilutive Issuance giving rise to an adjustment under Section 6.1 below, then the number of shares and the price per share set forth in Section 2.2 above shall be adjusted as contemplated by Section 6.1, so that Investor receives, for the aggregate purchase price stated in Section 2.2, the number of Adjusted Shares computed in accordance with Section 6.1.

3. CLOSING; DELIVERY .

3.1. The Closing . The purchase and sale of the Shares hereunder shall take place remotely via the exchange of documents and signature pages at 10:00 a.m., Pacific time, on the date that is two (2) business days following the satisfaction of all of the conditions set forth in Sections 7 and 8 hereof, or at such other time and place as the Company and Investor may mutually agree upon (the " Closing ").

3.2. Delivery . At the Closing, the Company will deliver to Investor a certificate representing the Shares to be purchased by Investor hereunder against payment of the full purchase price therefor by wire transfer.

4 **.** REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY . The Company hereby represents and warrants to Investor, except as disclosed in the Schedule of Exceptions (" Schedule of Exceptions ") attached to this Agreement as Exhibit A (which disclosures shall be deemed to apply to all representations or warranties to the extent the applicability of the disclosure is reasonably apparent on its face), as of the Effective Date and as of the Closing, as follows:

4.1. Organization, Good Standing and Qualification . The Company and each subsidiary of the Company is duly organized, validly existing and, when such concept is applicable, in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted except, in the case of any subsidiary of the Company, where the failure to be so organized, existing and in good standing or to have such corporate power and authority, would not have or result in, individually or in the aggregate, a Material Adverse Effect. The Company has the corporate power and authority to enter into this Agreement and the Investor Rights Agreement and to perform its obligations hereunder and thereunder. The Company and each of its subsidiaries is qualified to do business as a foreign corporation in each jurisdiction where failure to be so qualified would have or result in, individually or in the aggregate a Material Adverse Effect.

4.2. Capitalization .

(a) As of the Effective Date, the authorized capital stock of the Company consists of the following:

(i) Class A Common Stock . A total of 2,500,000,000 authorized shares of Class A Common Stock ($0.01 par value per share) of which 32,500,000 shares are issued and outstanding.

(ii) Class B Common Stock . A total of 1,000,000,000 authorized shares of Class B Common Stock ($0.01 par value per share) of which 300,000,000 shares are issued and outstanding.

(iii) Preferred Stock . A total of 100,000,000 authorized shares of Preferred Stock ($0.01 par value per share), none of which is designated as to series, issued or outstanding.

(b) Options, Warrants, Reserved Shares . As of the Effective Date, 80,000,000 shares of Class A Common Stock are reserved for issuance under the Company's 2007 Equity and Incentive Plan under which (A) options to purchase 35,799,411 shares of Class A Common Stock at an exercise price of $23.00 per share are outstanding and (B) 452,676 restricted stock units are outstanding. As of the Closing, the Company will have designated 9,500,000 shares of its preferred stock as Series A Preferred Stock (the " Series A Preferred Stock ") subject to issuance upon the exchange of the Class A Common Stock pursuant to Section 12(a) of the Investor Rights Agreement. Except as set forth in this Section 4.2 and except for (i) the rights of conversion of the Class B Common Stock, (ii) the right to effect the exchange of Class A Common Stock for Series A Preferred Stock pursuant to Section 12(a) of the Investor Rights Agreement, (iii) the rights of conversion of the Series A Preferred Stock and (iv) options, restricted stock units and restricted stock awards issued pursuant to the Company's 2007 Equity and Incentive Plan since the Effective Date, there are no options, warrants, conversion privileges or other rights or agreements with respect to the issuance thereof, presently outstanding obligating the Company to issue or sell any of the capital stock of the Company. Except (x) as described in this Section 4.2 or in the Investor Rights Agreement and (y) repurchase rights in respect of director options, no shares (including the Shares, the Exchange Shares and the Conversion Shares) of the Company's outstanding capital stock, or stock issuable upon exercise or exchange of any outstanding options or other stock issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such stock (whether in favor of the Company or any other person), pursuant to any agreement or commitment to which the Company is a party or of which the Company has actual knowledge.

(c) Outstanding Security Holders . The Schedule of Exceptions sets forth a complete list of all outstanding stockholders of the Company as of the Effective Date, including for each, the number and class of shares held.

(d) Status of Capital Stock . All of the outstanding shares of the capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable, and free and clear of all liens, claims and encumbrances, other than liens, claims and encumbrances created or imposed by or through the holder of the securities.

(e) Outstanding Options and Rights . Except as set forth in the Schedule of Exceptions, all outstanding options issued under the Company's 2007 Equity and Incentive Plan vest as follows: (i) 25% of options subject to each grant vest on the first anniversary of the grant date and the remaining options vest ratably each month over the following thirty-six months or (ii) one-third of options subject to each grant vest on each of the first three anniversaries of the grant date. Except as set forth in the Schedule of Exceptions, no stock plan, stock purchase, stock option, option agreement or other similar benefit, bonus or incentive plan or program or other contract between the Company and any holder of any equity securities or rights to purchase equity securities provides for acceleration or other changes in the vesting provisions, lapse of any Company repurchase rights or other changes in the terms of such contract as the result of (i) termination of employment or consulting services (whether actual or constructive) of any shareholder; (ii) any merger, consolidation, sale of stock or assets, change in control or any other transaction(s) by the Company or any subsidiary; or (iii) the occurrence of any other event or combination of events.

4.3. Subsidiaries . Each subsidiary of the Company is wholly-owned, directly or indirectly, by the Company. The shares of each subsidiary owned by the Company are duly authorized, validly issued, fully paid and non-assessable, and are free and clear of all liens, claims and encumbrances.

4.4. Due Authorization . All corporate action on the part of the Company necessary for the authorization, execution and delivery of, and the performance of all obligations of the Company under this Agreement and the Investor Rights Agreement, and necessary for the consummation of the transactions contemplated thereby and thereby, including, without limitation, the authorization, issuance, reservation for issuance and delivery of all of the Shares being sold pursuant to this Agreement (and any Exchange Shares and Conversion Shares) has been taken or will be taken prior to the Closing. The execution, delivery and performance by the Company of this Agreement and the Investor Rights Agreement and the consummation of the transactions contemplated hereby and thereby will not conflict with or constitute or result in, with or without the passage of time or the giving of notice or both, a violation, breach or default by the Company of (i) any order of any government authority binding upon the Company or (ii) the Certificate or bylaws of the Company. This Agreement constitutes, the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles, and, with regard to the indemnification provisions contained in the Investor Rights Agreement, to the extent such indemnification provisions may be limited by applicable federal and state securities laws and principles of public policy.

4.5. Valid Issuance of Stock .

(a) The Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and non assessable and free of all liens, claims and encumbrances (other than any such matters created or imposed by or through Investor). Prior to the Closing, the Exchange Shares and the Conversion Shares will have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of this Agreement and the Investor Rights Agreement, the Exchange Shares and the

Conversion Shares will be duly and validly issued, fully paid and non assessable and free of all liens, claims and encumbrances (other than any such matters created or imposed by or through Investor).

(b) The outstanding shares of the capital stock of the Company are duly and validly issued, fully paid and non assessable, and such shares of such capital stock, and all outstanding stock, options and other securities of the Company have been issued in full compliance with the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the " Act "), and the registration and qualification requirements of all applicable state securities laws, or in compliance with applicable exemptions therefrom, and all other provisions of applicable federal and state securities laws, including, without limitation, anti-fraud provisions.

4.6. Government and Third Party Consents . Except for filings required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (" HSR Act ") and any consent, waiver, approval, order, permit, authorization, declaration, notification, filing, designation, qualification or registration which, if not obtained or made, would not have or result in, individually or in the aggregate, a Material Adverse Effect, no consent, waiver, approval, order, permit, authorization, declaration, notification, filing, designation, qualification or registration (" Consent ") of or with any governmental authority or any other person is required to be made or obtained by the Company in connection with (i) the execution and delivery of this Agreement or the Investor Rights Agreement; or (ii) the performance by the Company of its obligations under this Agreement or the Investor Rights Agreement or the consummation of the transactions contemplated hereby and thereby other than a filing on Form D and filings pursuant to applicable blue sky laws.

4.7. Registration Statement; Financial Statements .

(a) The Company has filed with the Securities and Exchange Commission (the " SEC ") a registration statement on Form S-1 dated April 26, 2007, an Amendment No. 1 to such registration statement dated June 11, 2007 and is filing an Amendment No. 2 to such registration statement dated the date hereof (such registration statement, as so amended, the " Registration Statement "). The Registration Statement complied at the time of filing in all material respects with all applicable requirements of the Act. The Registration Statement, including any financial statements or schedules included or incorporated by reference therein, did not when filed, does not at the Effective Date and will not (as it may be amended prior to Closing) at the Closing contain any untrue statement of a material fact or omit to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein not misleading. The Company has delivered to Investor true and complete copies of all comments received from the SEC with respect to the Registration Statement. The audited consolidated financial statements of the Company included in the Registration Statement (the " Financial Statements ") fairly present in all material respects, in conformity with United States generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and their consolidated results of operations and changes in financial position for the periods then ended.

(b) The Company has heretofore made, and hereafter will make, available to Investor a complete and correct copy of the Registration Statement and any amendments or modifications filed with the SEC.

4.8. Registration Rights . The Company has not granted or agreed to grant any person or entity any rights (including piggyback registration rights) to have any securities of the Company registered with the SEC or any other governmental authority that are senior to or in conflict with the rights granted to Investor in the Investor Rights Agreement.

4.9. Interested Party Transactions . Except as disclosed in the Registration Statement, there are no material contracts, agreements or proposed transactions between the Company and any of its executive officers, directors or controlling stockholders, and to the Company's knowledge, none of the Company's directors or executive officers has a material interest in any material contract or business transaction involving the Company.

5. REPRESENTATIONS AND WARRANTIES OF INVESTOR . Investor represents and warrants to the Company, as of the Effective Date and as of the Closing, as follows:

5.1 Organization, Corporate Power . Investor is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to enter into this Agreement and the Investor Rights Agreement and to perform its obligations hereunder and thereunder.

5.2. Authorization . All corporate action on the part of Investor necessary for the authorization, execution and delivery of, and the performance of all obligations of Investor under, this Agreement and the Investor Rights Agreement, and necessary for the consummation of the transactions contemplated hereby and thereby has been taken or will be taken by the Closing. The execution, delivery and performance by Investor of this Agreement and the Investor Rights Agreement and the consummation of the transactions contemplated hereby and thereby will not conflict with or constitute or result in, with or without the passage of time or the giving of notice or both, either a violation, breach or default by Investor of (i) any order of any government authority binding upon Investor or (ii) the certificate of incorporation or bylaws of Investor. This Agreement constitutes, and the Investor Rights Agreement when it becomes effective in accordance with its terms will constitute, (in each case, assuming due authorization, execution and delivery by the other parties hereto and thereto) valid and binding obligations of Investor enforceable against Investor in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles, and, with regard to the indemnification provisions contained in the Investor Rights Agreement, to the extent such indemnification provisions may be limited by applicable federal and state securities Laws and principles of public policy.

5.3. Investigation; Economic Risk . Investor acknowledges that it has had an opportunity to discuss the business and affairs of the Company and its subsidiaries with its officers. Investor further acknowledges having had access to information about the Company that it has requested. Investor acknowledges that it has knowledge and experience in financial and business matters such that it is capable of evaluating the risks of the transactions

contemplated by this Agreement and the Investor Rights Agreement and has the ability to bear the economic risks of holding the Shares for an indefinite period. The parties acknowledge and agree that nothing in this Section 5.3 shall limit or modify any representation or warranty of the Company in Section 4 hereof, or the right of Investor to rely thereon.

5.4. Purchase for Own Account . The Shares and any Exchange Shares (and any Conversion Shares issued on conversion of the Exchange Shares) will be acquired by Investor for its own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

5.5. Exempt from Registration; Restricted Securities . Investor understands that the Shares, and Exchange Shares and any Conversion Shares will not be registered under the Act, by reason of a specific exemption from the registration provisions of the Act which depends upon, among other things, the accuracy of Investor's representations set forth in this Agreement. Investor understands that the Shares being purchased hereunder are restricted securities within the meaning of Rule 144 under the Act; and that the Shares are not registered and must be held indefinitely unless they are subsequently registered or an exemption from such registration is available.

5.6. Restrictive Legends . Investor understands that each certificate representing (a) the Shares, (b), the Exchange Shares, (c) the Conversion Shares, and (d) any other securities issued in respect of the any of the foregoing upon any stock split, stock dividend, recapitalization, merger or similar event shall be stamped or otherwise imprinted with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO AN EFFECTIVE REGISTRATION OR AN EXEMPTION FROM REGISTRATION WHICH, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

5.7 Removal of Restrictive Legend . The legend set forth above shall be removed by the Company from any certificate evidencing Shares, Exchange Shares or Conversion Shares upon delivery to the Company of an opinion by counsel, reasonably satisfactory to the Company, that a registration statement under the Act is at that time in effect with respect to the legended security or that such security can be freely transferred in a public sale without such a registration statement being in effect and that such transfer will not jeopardize the exemption or exemptions from registration pursuant to which the Company issued the Shares., the Exchange Shares or the Conversion Shares.

5.8. Accredited Investor . Investor is a large institutional "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Act.

6. COVENANTS .

6.1 Antidilution .

(a) If at any time after the Effective Date the Company sells or issues or agrees to sell or issue (or is deemed to do so under Section 6.1(e)) Dilutive Shares (as defined below) to any person or entity for no consideration (which shares, for purposes of the calculation contemplated by this Section 6.1, shall be deemed to have been issued for par value) or consideration per share that is less than the Trigger Price (as defined below) in effect immediately prior to such issuance or sale (each, a " Dilutive Issuance "), the Company shall concurrently, at the option of the Company, either (A) issue to Investor for no consideration a number of shares of Class A Common Stock equal to (i) Investor's Adjusted Shares (as defined below) less (ii) Investor's Original Shares (as defined below) (the " Anti-Dilution Shares "), or (B) pay to Investor an amount in cash equal to the product of (x) an amount equal to the Trigger Price immediately prior to such Dilutive Issuance less the consideration paid in respect of such Dilutive Shares multiplied by (y) Investor's Original Shares. For purposes of this Section 6.1, such shares shall be allocated a portion of the consideration of the initial issuance of Class A Common Stock pursuant to this Agreement and in no event shall any shares be issued at a price less than the par value thereof. No fractional shares of Class A Common Stock shall be issued pursuant to this Section 6.1. The number of shares of Class A Common Stock issued shall be rounded to the nearest integral number of whole shares of Class A Common Stock. For the purposes of this Section 6.1, whenever Dilutive Shares are issued for a consideration other than cash, either in whole or in part, the fair market value of the Dilutive Shares issued shall be as established in good faith by resolution of the Company's board of directors.

(b) Definitions . For the purposes of this Section 6.1, for each Dilutive Issuance, the following terms shall have the following meanings:

(i) " Adjusted Shares " means the number of shares of Class A Common Stock equal to the product of (x) the Investor's Original Shares, multiplied by (y) the quotient of (1) the Trigger Price in effect immediately prior to a Dilutive Issuance, divided by (2) the Trigger Price in effect immediately after such Dilutive Issuance. Any Adjusted Shares issued under this Agreement shall be deemed to be "Shares."

(ii) " Common Shares " means shares of Class A Common Stock, shares of Class B Common Stock or any other class of common stock of the Company.

(iii) " Convertible Securities " means any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Shares, but excluding Options.

(iv) " Dilutive Shares " means Common Stock, Options and Convertible Securities issued or deemed issued after the Effective Date other than:

(A) Shares of Class A Common Stock issued upon conversion of the Class B Common Stock in accordance with its terms;

(B) Shares of Series A Preferred Stock issued in exchange for Class A Common Stock in accordance with the terms and conditions of this Agreement and the Investor Rights Agreement and shares of Class A Common Stock issued upon conversion of shares of Series A Preferred Stock;

(C) Up to 8,749,583 Options granted pursuant to the Company's 2007 Equity and Incentive Plan, and Common Shares issued upon exercise of any such Options or any other Options outstanding as of the Effective Date;

(D) Common Shares, Options or Convertible Securities issued upon exercise, conversion or exchange of any Convertible Securities existing as of the Effective Date; and/or

(E) Common Shares (and/or Convertible Securities and Options, and the Shares issuable upon conversion, exchange or exercise of such Convertible Securities or Options) issued in connection with any stock split, stock dividend, reverse stock split, recapitalization, reorganization or other distribution of Shares (each, a " Recapitalization Event ") that does not affect the relative economic interests or rights of holders of Common Shares.

For the avoidance of doubt, any registered public offering of the Company's Common Stock at a public offering price (before underwriting discount) of less than the Trigger Price in effect at such time shall be deemed a Dilutive Issuance.

(v) " Options " means rights, options, warrants, restricted stock units, restricted stock awards or other rights to subscribe for, purchase or otherwise acquire, directly or indirectly, Common Shares or Convertible Securities.

(vi) " Original Shares " means (x) with respect to the first Dilutive Issuance, the total number of shares of Class A Common Stock set forth in Section 2.2 hereof to be acquired by Investor pursuant to this Agreement (as adjusted for any Recapitalization Event) and (y) with respect to each Dilutive Issuance thereafter, the total number of Adjusted Shares immediately prior to such Dilutive Issuance (as adjusted for any Recapitalization Event). For the avoidance of doubt, any Common Shares acquired by Investor or an affiliate of Investor from either the Company or any other stockholder of the Company under any contract other than this Agreement shall in no event be included in the number of Original Shares under this Section 6.1 or any adjustment pursuant to this Section 6.1.

(vii) " Trigger Price " shall initially mean (A) $23.00 per share, and (B) if no Qualified IPO shall have been closed on or before December 31, 2007, from and after January 1, 2008 shall mean the "Repurchase Price" in effect from time to time under the Investor Rights Agreement (as adjusted for any Recapitalization Event, the " Original Issue Price "). In connection with each Dilutive Issuance, the Trigger Price shall be adjusted downwards to equal the lowest price per Dilutive Share paid for the Dilutive Shares issued or sold in such Dilutive Issuance.

The Trigger Price shall also be proportionately adjusted from time to time for any Recapitalization Event pursuant to which securities of the Company are issued with respect to the Original Shares and/or Adjusted Shares.

(c) Covenant Regarding Anti-Dilution Shares . The Company hereby represents, warrants and covenants that (i) as a condition precedent to the issuance or sale of any Dilutive Shares in a Dilutive Issuance, the Company shall have reserved at the time of such Dilutive Issuance out of its authorized but unissued capital stock sufficient shares of Class A Common Stock to enable the Company to issue all of the applicable Anti-Dilution Shares pursuant to this Section 6.1, and (ii) all Anti-Dilution Shares issued pursuant to this Section 6.1 shall, upon issuance for no additional consideration, be duly authorized, validly issued, fully paid and non-assessable and free and clear of all liens, claims and encumbrances, other than liens, claims or encumbrances created or imposed by or through Investor.

(d) Termination of Antidilution Rights . The rights granted under this Section 6.1 shall terminate at the closing of the Company's Qualified Public Offering.

(e) Deemed Issuances of Shares . In the case of any issuance (whether on or after the Effective Date) by the Company of any Convertible Securities or Options (other than Convertible Securities or Options described in Sections 6.1(b)(iv)(B)—(E) above), the following provisions shall apply for all purposes of this Section 6.1:

(i) For any Convertible Securities issued (other than pursuant to the exercise of Options) after the Effective Date, the aggregate maximum number of Common Shares deliverable upon conversion or exercise of or in exchange for any such Convertible Securities shall be deemed to have been issued at the time such Convertible Securities were issued and for a consideration equal to the consideration, if any, received by the Company upon the issuance of such Convertible Securities plus the minimum additional consideration, if any, to be paid under the terms of such Convertible Security upon conversion, exercise or exchange of such Convertible Securities into the Common Shares covered thereby; provided , however , that there shall be no further adjustment in the number of Common Shares issued or deemed issued upon the subsequent issue of Common Shares upon exercise, conversion or exchange of such Convertible Securities.

(ii) For any Options issued, the aggregate maximum number of Common Shares deliverable upon exercise of the Options, or, in the case of Options for Convertible Securities, the conversion, exercise or exchange of such Convertible Securities, shall be deemed to have been issued at the time such Options were issued for a consideration equal to the consideration, if any, received by the Company for such Options, plus the minimum exercise price provided in such Options for the Common Shares or Convertible Securities covered thereby, and, in the case of Options for Convertible Securities, plus the amount of additional consideration, if any, to be paid upon the conversion, exercise or exchange of such Convertible Securities; provided , however , that there shall be no further adjustment in the number or price of Common Shares or Convertible Securities issued or deemed issued upon the subsequent issue of Common Shares or Convertible Securities upon exercise of such Options or the exercise, conversion or exchange of such Convertible Securities.

(iii) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or decrease or increase in the number of Common Shares issuable, upon the exercise, conversion or exchange thereof, the number and price of Common Shares deemed issued upon the original issue thereof, and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of exercise, conversion or exchange under such Convertible Securities; provided that no such recomputation shall affect the validity of any previously issued Anti-Dilution Shares or the rights of any holder thereof with respect thereto solely to the extent such Anti-Dilution Shares have been sold by Investor.

(iv) Upon the expiration of any such Options or any rights of exercise, conversion or exchange under such Convertible Securities which shall not have been exercised, the number and price of Common Shares deemed issued upon the original issue thereof, and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if the only additional Shares issued were the Common Shares, if any, actually issued upon the exercise of such Options or the exercise, conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise of such Options, plus, in the case of any such Options for Convertible Securities, the amount of additional consideration actually received by the Company upon exercise, conversion or exchange of such Convertible Security, or for the issue of all such Convertible Securities which were actually exercised, converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such exercise, conversion or exchange; provided that no such recomputation shall affect the validity of any previously issued Anti-Dilution Shares or the rights of any holder thereof with respect thereto solely to the extent such Anti-Dilution Shares have been sold by Investor prior to such occurrence.

(f) Any payment to Investor made under this Section 6.1 shall be treated for U.S. federal income tax purposes as an adjustment of the purchase price paid by Investor for the Shares to the extent permitted by U.S. federal income tax law.

6.2 Board of Directors . Each of the Company and Investor shall take all such actions as are reasonably necessary to appoint an executive of Intel Corporation designated by Investor and acceptable to the Company's Board of Directors (the " Agreed Investor Designee ") to the Company's Board of Directors, with such appointment to be effective on the later of (a) the Closing Date and (b) the closing of a Qualified Public Offering or September 30, 2007 if the Closing Date has occurred but a Qualified Public Offering has not closed by September 30, 2007. Such director's term shall initially be for three years, subject to the provisions of the Company's Certificate of Incorporation.

6.3 Public Announcement . Each of the Company and Investor shall consult with each other before issuing any press release announcing the execution of this Agreement, and any joint press release shall be issued only in such form as shall be mutually agreed upon by the Company and Investor.

7. CONDITIONS TO INVESTOR'S OBLIGATIONS AT THE CLOSING . The obligation of Investor to purchase the Shares at the Closing is subject to the fulfillment on or prior to the Closing of the following conditions:

7.1 Representations and Warranties Correct .

(a) The representations and warranties made by the Company in Section 4 hereof that are qualified as to materiality shall be true and correct as if made on and as of the Closing Date (or in the case of representations and warranties that expressly refer to a specific date, as of such specific date), and

(b) All other representations and warranties of the Company in Section 4 hereof shall be true in all material respects, as if made on and as of the Effective Date (or, in the case of representations and warranties that expressly refer to a specific date, as of such specific date), except where the failure to be true and correct would not have or result in, individually or in the aggregate, a Material Adverse Effect.

7.2 Performance of Obligations . The Company shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before the Closing.

7.3 Antitrust; Consents . Any waiting period (and any extension thereof) under any United States or foreign antitrust or merger control law applicable to the transactions contemplated by this Agreement and the Investor Rights Agreement , including, without limitation, the HSR Act, shall have expired or shall have been terminated. The Company shall have fully satisfied (including, without limitation, with respect to rights of timely notification) or obtained enforceable waivers in respect of any preemptive or similar rights directly or indirectly relating to, arising out of or affecting the Shares or their issuance and sale to Investor.

7.4 Securities Laws . The offer and sale of the Shares to Investor pursuant to this Agreement shall be exempt from the registration requirements of the Act and the registration and/or qualification requirements of all applicable state securities laws.

7.5 Series A Preferred Stock . The Company's board of directors shall have duly designated the Series A Preferred Stock and shall have authorized and reserved for issuance shares of Series A Preferred Stock sufficient to effect the Exchange.

7.6 Investors Rights Agreement . The Investor Rights Agreement, dated as of the date hereof (the " Investor Rights Agreemen t"), by and among the Company, Investor and EMC Corporation, a Massachusetts corporation (" EMC "), shall be in full force and effect.

7.7. Material Adverse Change . As of the Closing, no Material Adverse Effect shall have occurred since the Effective Time and be continuing and there shall exist no facts or circumstance that are, individually or in the aggregate, reasonably expected to have a Material

Adverse Effect; provided , that this condition shall be deemed satisfied if the Company shall close before January 1, 2008 a Qualified IPO at a public offering price (before underwriting discount) of not less than $23.00 per share (as adjusted to reflect the full effect of any stock split, reverse stock split, stock dividend, reorganization, recapitalization or other like change after the Effective Date); provided further , that this condition shall be deemed satisfied if all of the following occur with respect to the same Qualified Public Offering: (a) the Company shall have advised Investor not more than 72 hours or less than 60 hours prior to the anticipated time of pricing of such Qualified IPO, (b) Investor shall not have notified the Company not less than 48 hours prior to the anticipated time of pricing of such Qualified IPO in accordance with Section 10.5 that it believes that a Material Adverse Effect has occurred since the Effective Date or that there exist facts or circumstances that are, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, and including a brief description of such Material Adverse Effect, facts and circumstances, and (c) such Qualified IPO is priced on the anticipated pricing date (or within 24 hours thereafter) and closes within 4 business days after such pricing and prior to January 1, 2008.

8. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING . The obligation of the Company to effect the Closing under this Agreement is subject to the fulfillment on or prior to the Closing of the following conditions:

8.1. Representations and Warranties . The representations and warranties made by Investor in Section 5 shall be true and correct as if made on and as of the Closing Date (or in the case of representations and warranties that expressly refer to a specific date, as of such specific date), in each case, except (other than with respect to the representations and warranties set forth in Sections 5.3 , 5.4 , 5.5 and 5.8 , which must be true and correct in all respects) where the failure to be true and correct would not materially and adversely affect Investor's ability to perform its obligations under this Agreement.

8.2. Performance of Obligations . Investor shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3. Payment of Purchase Price . Investor shall have delivered to the Company the purchase price in accordance with the provisions of Section 3.

8.4. Antitrust; Consents . Any waiting period (and any extension thereof) under any United States or foreign antitrust or merger control law applicable to the transactions contemplated by this Agreement and the Investor Rights Agreement, including, without limitation, the HSR Act, shall have expired or shall have been terminated.

8.5. Securities Exemptions . The offer and sale of the Shares to Investor pursuant to this Agreement shall be exempt from the registration requirements of the Act, and the registration and/or qualification requirements of all applicable state securities laws.

8.6 Investor Rights Agreement . The Investor Rights Agreement shall be in full force and effect.

9. TERMINATION.

9.1 Events of Termination . This Agreement may be terminated at any time prior to the Closing: (a) by mutual written consent of the Company, EMC and Investor; (b) by the Company, EMC or Investor if any governmental authority of competent jurisdiction shall have issued a final and nonappealable order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or the Investor Rights Agreement; provided, that the party so requesting termination shall have complied with Section 10.15; (c)(i) by the Company, if any of the conditions set forth in Section 8 shall have become incapable of fulfillment on or prior to December 31, 2007 (the " Termination Date "), or (ii) by Investor, if any of the conditions set forth in Section 7 shall have become incapable of fulfillment prior to the Termination Date; provided, that the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available if the failure of the party so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of such condition to be satisfied on or prior to such date. The party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall give written notice of such termination to each other party.

9.2. Effect of Termination . In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability hereunder on the part of the Company or Investor or any of their respective officers, directors or affiliates; provided, however, that nothing contained in this Section 9.2 shall relieve any party hereto from any liability for any willful breach of a representation, warranty, or covenant contained in this Agreement prior to such termination.

10. MISCELLANEOUS .

10.1. Governing Law . This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed and construed in accordance with the internal laws of the state of Delaware without regard to principles of conflicts of laws.

10.2. Survival . The representations, warranties, covenants and agreements made herein shall survive any investigation made by any party hereto and (other than the covenants contained in Section 6.1, which shall survive until terminated as provided in Section 6.1(d)) until the first anniversary of the Closing.

10.3. Successors and Assigns; No Third Party Beneficiaries . Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. This Agreement and the rights and obligations therein may not be assigned by Investor without the written consent of the Company except to a parent corporation, a subsidiary or affiliate of Investor. This Agreement and the rights and obligations therein may not be assigned by the Company without the written consent of Investor. Nothing contained in this Agreement, express or implied, is intended to confer any rights, remedies or benefits upon any person or entity, other than the parties hereto or their respective successors and permitted assigns.

10.4. Entire Agreement . This Agreement, the schedules and exhibits hereto and the Investor Rights Agreement constitute the entire understanding and agreement between the

parties with regard to the subjects hereof and thereof; provided , however , that nothing in this Agreement shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the parties hereto prior to the Effective Date, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5. Notices . All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other parties (b) when sent by facsimile if sent during normal business hours of the recipient with confirmation of sending to the fax number set forth below, or if sent outside normal business hours with confirmation of sending, then notice shall be deemed to have been duly given on the next business day; (c) three (3) business days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other parties as set forth below; or (d) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

To Investor:

Intel Capital Corporation
c/o Intel Corporation
2200 Mission College Blvd., M/S RN6-46
Santa Clara, California 95052
Attn: Intel Capital Portfolio Manager
Fax: (408) 765-6038

With a copy by e-mail to:

portfolio.manager@intel.com

To the Company:

VMware, Inc.
3401 Hillview Avenue
Palo Alto, California 94304
Attn: Legal Department
Phone: (650) 427-5000
Fax: (650) 427-5001

With copies to:

EMC Corporation
176 South Street
Hopkinton, Massachusetts 01748
Attn: Office of the General Counsel
Phone: (508) 435-1000
Fax: (508) 497-6915

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving the other parties written notice of the new address in the manner set forth above.

10.6. Amendments and Waivers . Any term of this Agreement may be amended only with the written consent of each party hereto.

10.7. Delays or Omissions . No delay or omission to exercise any right, power or remedy accruing to any party hereto, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of the non-breaching parties nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party hereto of any breach of default under this Agreement or any waiver on the part of any party hereto of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party hereto shall be cumulative and not alternative.

10.8. Legal Fees . Each party hereto shall pay its own legal expenses in connection with the transactions contemplated by this Agreement. Notwithstanding the foregoing, each of the Company and Investor shall pay one half of any filing fees under the HSR Act relating to the transactions contemplated by this Agreement and the Investor Rights Agreement.

10.9. Finder's Fees . Each party represents and warrants to the other parties hereto that it has retained no finder or broker in connection with the transactions contemplated by this Agreement.

10.10. Titles and Subtitles . The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing or interpreting this Agreement.

10.11. Counterparts; Facsimile Signature . This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed by facsimile signature.

10.12. Severability . Should any provision of this Agreement be determined to be illegal or unenforceable, such determination shall not affect the validity or enforceability of any other provisions of this Agreement.

10.13 Dispute Resolution . The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties, then each party shall nominate one senior officer of the rank of Vice President or higher as its representative. These representatives shall,

within thirty (30) days of a written request by any party to call such a meeting, meet in person and shall attempt in good faith to resolve the dispute. If the disputes cannot be resolved by such senior officers in such meeting, the parties agree that they shall, if requested in writing by any party, meet within thirty (30) days after such written notification for one (1) day with a neutral mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within thirty (30) days after the one (1) day mediation, any party may begin litigation proceedings. This procedure shall be a prerequisite before taking any additional action hereunder.

10.14. No Commitment for Additional Financing . The Company acknowledges and agrees that Investor has not made any representation, undertaking, commitment or agreement to provide or assist the Company or any Subsidiary in obtaining any financing, investment or other assistance, other than the purchase of the Shares as set forth herein and subject to the conditions set forth herein.

10.15. Required Filings; Cooperation . (a) Each of Company, EMC and Investor agree that they will use their reasonable best efforts to make all filings required to be made by them in order to complete the transactions contemplated under this Agreement and the Investor Rights Agreement, including, without limitation, all filings under the HSR Act.

(b) Between the Effective Date and the Closing, each party hereto will (i) reasonably cooperate with the other party with respect to all filings that such other party elects to make or is required by applicable laws to make in connection with the transactions contemplated under this Agreement, and (ii) reasonably cooperate with the other parties, including, without limitation, taking all actions reasonably requested by such other parties, to cause early termination of any applicable waiting period under the HSR Act; provided that if any party reasonably requests confidentiality restrictions with respect to the foregoing: (A) the parties hereto will consult with each other with respect thereto; (B) if agreement is not reached with respect to such confidentiality restriction, the other party shall request confidential treatment with respect to the affected item; and (C) if the confidential treatment request is not approved, then such other party shall be free to disclose the affected item as required by applicable law. Each of the parties shall keep the others reasonably apprised of the status of any such filing and any inquiries or requests for additional information from the Federal Trade Commission (" FTC ") and the Antitrust Division of the Department of Justice (" DOJ "). The parties shall use commercially reasonable efforts to comply with any such inquiry, request and/or conditions of the FTC and DOJ. Nothing in this Agreement, however, shall require or be construed to require any party hereto, in order to obtain the consent or successful termination of any review of the FTC, DOJ or any other Governmental Authority regarding the transactions contemplated by this Agreement and the Investor Rights Agreement, to (i) sell or hold separate, or agree to sell or hold separate, before or after the Closing, any assets, businesses or any interests in any assets or businesses, of such party or any of its affiliates (or to consent to any sale, or agreement to sell, any assets or businesses, or any interests in any assets or businesses), or any change in or restriction on the operation by such party of any assets or businesses, or (ii) enter into any agreement or be bound by any obligation that, in such party's good faith judgment, may have an adverse effect on the benefits to such party of the transactions contemplated by this Agreement and the Investor Rights Agreement.

(c) The Company acknowledges that the timing of its proposed initial public offering is not dependent on any antitrust filing to be made by Investor pursuant to this Agreement, and agrees that the Company shall have no claim under this Agreement for any alleged effect on such contemplated offering due to any alleged delay by Investor in making any such filings.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year herein above first written.

INTEL CAPITAL CORPORATION

2200 Mission College Boulevard
Santa Clara, California 95052

Signature

Arvind Sodhani
Printed Name

President
Title

VMWARE, INC.

3401 Hillview Avenue
Palo Alto, California 94304

Signature

Printed Name

Title

SIGNATURE PAGE FOR CLASS A COMMON
STOCK PURCHASE AGREEMENT

Exhibit A

Schedule of Exceptions

This Schedule of Exceptions comprises the Schedule of Exceptions delivered by VMware, Inc., a Delaware corporation (the " Company "), pursuant to the Class A Common Stock Purchase Agreement, dated as of July 9, 2007 (the " Agreement "), by and between the Company and Intel Capital Corporation.

Capitalized terms used in this Schedule of Exceptions but not defined herein shall have the meanings assigned to them in the Agreement.

To the extent a state of facts or the occurrence of any event is described in this Schedule of Exceptions for purposes of qualifying a representation, warranty or covenant of the Company contained in the Agreement, the existence of such a state of facts or the occurrence of such event shall not be deemed to constitute a breach of such representation, warranty or covenant of the Company set forth in the Agreement.

Matters or items included in this Schedule of Exceptions are not necessarily limited to the matters required by the Agreement to be disclosed in this Schedule of Exceptions. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature.

Nothing in this Schedule of Exceptions shall constitute an admission of any liability or obligation of the Company to any third party, nor an admission to any third party against the Company's interests. This Schedule of Exceptions is qualified in its entirety by reference to specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations or warranties of the Company or any of its Affiliates, except as and to the extent provided in the Agreement.

The disclosure of any item or information in this Schedule of Exceptions shall not (i) be construed as an admission that such item or information is material to the Company, (ii) be deemed to constitute an admission, or otherwise imply, that any such item or information is material or created measures for materiality for the purposes of the Agreement, or (iii) represent a determination by the Company that such item did not arise in the ordinary course of business. Headings have been inserted on the sections of this Schedule of Exceptions for convenience of reference only and shall not have the effect of amending or changing the express description of the sections as set forth in the Agreement.

Section 4.1

Organization, Good Standing and Qualification

None.

Section 4.2

Capitalization

1) See Article VI of the Master Transaction Agreement by and between the Company and EMC Corporation ("EMC") for certain rights relating to the issuance of shares to EMC.

2) EMC holds 32,500,000 shares of the Company's Class A Common Stock and 300,000,000 shares of the Company's Class B Common Stock.

3) The Company may in the future enter into an Employment Agreement with its CEO and President, which agreement may contain terms that, had such agreement been in effect as of the Effective Date, would require to be described in this Schedule of Exceptions.

4) The Company intends to conduct a voluntary exchange offer, as described under the caption "Exchange Offer" in the the Amendment No. 2 to the Form S-1 (the "S-1"). The vesting schedule of the options and restricted stock to be issued in connection with the exchange offer are set forth in such section of the S-1.

5) The CFO of the Company holds RSUs that are subject to the terms and conditions as set forth under the caption "Material New Hire" in the S-1.

6) The non-employee directors of the Company were each granted 40,000 options to purchase Class A common stock, which options are subject to repurchase rights in certain circumstances. One director has exercised his options, and other directors may also exercise. See the S-1.

7) See the disclosure under the caption "Compensation Discussion and Analysis" in the S-1 for information on certain termination or change in control benefits.

8) The Company intends to sell 33,000,000 shares of Class A common stock in an initial public offering (see the S-1). The Company also intends to grant the underwriters in the offering an option to purchase up to 4,950,000 additional shares of Class A common stock to cover over-allotments.

Section 4.3

Subsidiaries

None.

Section 4.4

Due Authorization

None.

Section 4.5

Valid Issuance of Stock

None.

Section 4.6

Government and Third Party Consents

None.

Section 4.7

Registration Statement; Financial Statements

None.

Section 4.8

Registration Rights

None.

Section 4.9

Interested Party Transactions

1) The Company may enter into an Employment Agreement with its CEO and President.

2) The Company's CEO and President's husband, Mendel Rosenblum, is employed as the Chief Scientist of the Company. He is entitled to an annual salary and may be granted equity in the Company from time to time.

Exhibit 10.19

INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (the " Agreement ") dated as of July 9, 2007, is by and among VMWARE, INC., a Delaware corporation (the " Company "), INTEL CAPITAL CORPORATION, a Delaware corporation (" Investor "), and, solely for purposes of Section 12(e), Section 12(f) and Section 14, EMC CORPORATION, a Massachusetts corporation (" Parent ").

WHEREAS, the Investor has acquired and holds as of the date of this Agreement shares of Class A common stock of the Company, $0.01 par value per share (the " Class A Common Stock ") purchased by Investor under that certain Class A Common Stock Purchase Agreement dated as of July 9, 2007 (the " Stock Purchase Agreement ") by and between Investor and the Company; and

WHEREAS, the Company wishes to grant certain registration rights with respect to the shares of stock of the Company issued to the Investor, as provided further herein; and

WHEREAS, the parties desire to provide for certain rights of the Company and Investor as described herein;

NOW THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. Definitions . As used in this Agreement:

(i) the term " Act " means the Securities Act of 1933, as amended, and the rules and regulations thereunder;

(ii) the term " Affiliate " of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, " Control " (including, with correlative meanings, the terms " Controlling ," " Controlled By " and " Under Common Control With "), as used with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person whether through the ownership of voting securities or by agreement or otherwise.

(iii) the term " Change of Control " means (i) a transfer of all or substantially the assets of the Company to a Person that is not an Affiliate of the Company or Parent which is expected to be followed by a liquidation of the Company and a distribution of its assets to stockholders, or (ii) the transfer by the stockholders of the Company, or a merger, consolidation, reorganization, recapitalization or other event involving or affecting the Company, following which the Company is no longer directly or indirectly controlled by Parent.

(iv) the term " Commission " means the Securities and Exchange Commission or any other federal agency at the time administering the Act;

(v) the term " Common Stock " means any and all classes of the Company's common stock as authorized pursuant to the Company's Amended Restated Certificate of Incorporation, as may be amended or restated from time to time;

(vi) the term " Exchange Act " means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder;

(vii) the term " Holder " means Investor, as long as Investor owns Registrable Securities and any Affiliate of Investor to whom Registrable Securities are transferred in accordance with the requirements of this Agreement and to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 19;

(viii) the terms " Register ," " Registered " and " Registration " mean a registration effected by preparing and filing a registration statement in compliance with the Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such registration statement;

(ix) the term " Person " means an individual, corporation, limited liability company, trust, partnership, general partnership, or other entity;

(x) the term " Qualified IPO " means a firm commitment underwritten public offering of the Company's Class A Common Stock pursuant to an effective registration statement under the Act for an aggregate price to the public of at least $250 million;

(xi) the term " Registrable Securities " means (A) any Class A Common Stock issued to Investor by the Company pursuant to the Stock Purchase Agreement and held by a Holder (the " Shares "), (B) any shares of Class A Common Stock issued or issuable upon conversion of any Series A Preferred Stock of the Company issued in exchange for the Shares, and (C) any Common Stock of the Company issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the Shares or Series A Preferred Stock issued in exchange for the Shares, in each case, held from time to time by a Holder;

(xii) the term " Registration Expenses " means all third-party expenses incurred by the Company in compliance with Section 2 and Section 3 hereof, including, without limitation, all registration and filing fees, printing expenses, accounting fees and expenses, fees and disbursements of counsel for the Company, the underwriters and one special counsel for the selling Holders, if any, blue sky fees and expenses and the third-party expenses of any special audits incident to or required by any such registration (but excluding underwriters' and brokers' discounts and commissions); and

(xiii) the term " Series A Preferred Stock " means the Company's Series A Preferred stock, par value $0.01 per share, which shall have the rights, preferences and privileges described in Exhibit A hereto, and shall otherwise be in form and substance mutually satisfactory to the Company and Investor.

2. Company Registration .

(a) Right to Register . Subject to Section 10(b) below, whenever the Company proposes to register any of its Common Stock under the Act, whether for its own account or for the account of others (other than (i) a registration relating solely to employee benefit plans, (ii) a registration relating to a corporate reorganization or other transaction covered by Rule 145 under the Act, (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities or preferred stock that are also being registered) and the registration form to be used may be used for the registration of Registrable Securities (a " Piggyback Registration "), the Company will: (a) give prompt written notice thereof to each Holder (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws) and (b) upon the written request of a Holder given within ten (10) business days after mailing of such notice by the Company, the Company shall, subject to the provisions of this Section 2, use commercially reasonable efforts to cause to be registered under the Act all of the Registrable Securities that the Holder has requested to be registered.

(b) Right to Terminate Registration . The Company shall have the right to terminate, withdraw or delay any registration initiated by it under this Section 2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The Company shall give

written notice of such determination to each Holder that has elected to include securities in such registration and, in the case of a determination to terminate or withdraw the registration statement, the Company shall be relieved of its obligation to register any Registrable Securities in connection with such registration statement, and in the case of a determination to delay effectiveness, the Company shall be permitted to delay effectiveness for any period. The expenses of such terminated, withdrawn or delayed registration shall be borne by the Company in accordance with Section 3(a)(iv).

(c) Priority on Registrations . Each Holder acknowledges and agrees that its rights under this Section 2 shall be subject to cutback provisions imposed by a managing underwriter under Section 2(d). If, as a result of the cutback provisions of the preceding sentence, a Holder is not entitled to include all of its requested Registrable Shares in such registration, then the Holder may elect to withdraw its request to include any or all of its Registrable Shares in such registration.

(d) Underwritten Offerings . In the event of an underwritten offering, the Company and each Holder shall make such arrangements with the underwriters so that such Holder may participate in the offering on the same terms as the Company and any other party selling securities in such offering. The Company shall not be required under this Section 2 to include any of a Holder's securities in such underwriting unless such Holder accepts the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters) and enters into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, (i) first, to the Company for securities that the Company proposes to register for its own account; (ii) second, to any stockholders of the Company who exercised a contractual right to demand that such registration statement be filed, on a pari passu basis based upon the Registrable Securities held by such stockholders; (iii) third, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement, on a pari passu basis based upon the Registrable Securities held by such holders; and (v) fourth, to other securities of the Company to be registered on behalf of any other holder. Any Registrable Securities excluded and withdrawn from such underwriting shall be withdrawn from the registration. For any Holder which is a partnership or corporation, the partners, retired partners and shareholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all Persons included in such "Holder," as defined in this sentence.

3. Demand and Form S-3 Registrations .

(a) Demand Registration .

(i) Request by Holders . Subject to Section 10 below, if the Company shall receive at any time after six (6) months after the effective date of the Company's initial public offering of its securities pursuant to a registration filed under the Act, a written request from the Holders of a majority of the Registrable Securities then outstanding (" Demand Request ") that the Company file a registration statement under the Act covering the registration of Registrable Securities pursuant to this Section 3(a), then the Company shall, within twenty (20) days after the receipt of such written request, give written notice of such request (the " Request Notice ") to all Holders, and use reasonable best efforts to effect, as soon as practicable, the registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of the Registrable Securities as are specified in such request and any additional requests by other Holders received by the Company within ten (10) business days after receipt of the Request Notice, subject only to the limitations of this Section 3(a);

provided that the Registrable Securities requested to be registered pursuant to such request must have an anticipated aggregate price to the public (before any underwriting discounts and commissions) of not less than $54.6 million.

(ii) Maximum Number of Demand Registrations . The Company is obligated pursuant to this Section 3(a) to effect one (1) demand registration pursuant to this Agreement; provided, however, if all of the Holders' Registrable Securities that were requested to be included in a registration pursuant to this Section 3(a) were not included in such registration as a result of cutback provisions imposed by a managing underwriter pursuant to Section 3(c) or otherwise, then the Company shall be obligated to effect one (1) additional registration pursuant to this Section 3(a).

(iii) Additional Limitations on Demand Registrations . The Company shall not be obligated to effect any Demand Registration (A) within six months of a Piggyback Registration in which all Holders were given registration rights pursuant to Section 2(a) and at least 50% of the number of Registrable Securities requested by such Holders to be included in the Piggyback Registration were included, (B) within six months of another Demand Registration, or (C) if in the Company's reasonable judgment, it is not feasible for the Company to proceed with the Demand Registration because of the unavailability of audited financial statements or other required financial statements, provided that the Company shall use its reasonable efforts to obtain such financial statements as promptly as practicable.

(iv) Deferra l. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting the filing of a registration statement pursuant to this Section 3(a), a certificate signed by the President or Chief Executive Officer of the Company stating that, in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period.

(iv) Expenses for Withdrawn Registrations . Notwithstanding the provisions of Section 5(a), the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to this Section 3(a) if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree to forfeit their right to the demand registration pursuant to this Section 3(a) (in which case such right shall be forfeited by all Holders of Registrable Securities); provided, however , if, after the date of the Demand Request and prior to such withdrawal, a material adverse change in the condition or business of the Company and its subsidiaries, taken as a whole, occurs, then the Holders shall not be required to pay any of such expenses and shall retain their demand registration right pursuant to this Section 3(a) notwithstanding such withdrawal, provided , that prior to such withdrawal, the Holders representing a majority of the Registrable Securities to be included in such Demand Registration provide written notice to the Company stating (A) the Holders' intent to withdraw from the registration, and (B) a description of the material adverse change prompting the withdrawal.

(b) Form S-3 Registration . Subject to Section 10 below, after the Company is eligible to register Registrable Securities on Form S-3, each Holder shall have the right to demand the Company effect a registration with respect to all or a part of its Registrable Securities on Form S-3 and any related qualification or compliance. Upon receipt of written request, the Company shall, as soon as practicable, (i) give written notice of the proposed registration to all other Holders, and any related qualification and compliance, and (ii) use reasonable best efforts to effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's Registrable Securities as are specified in such request together with the Registrable Securities requested to be included by any other Holders who notify the Company in writing within 10 business days after receipt of such notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 3:

(A) if Form S-3 is not available for such offering by the Holder;

(B) if the Holder, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $22 million;

(C) if the Company shall furnish to the Holder a certificate signed by the President or Chief Executive Officer of the Company stating that, in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement no more than once during any twelve (12) month period for a period of not more than one hundred eighty (180) days following receipt of the request of the Holder under this Section 3;

(D) if the Company has, within the 12 month period preceding the date of such request, already effected one (1) registration on Form S-3 pursuant to this Section 3; provided, however, if all of the Holders' Registrable Securities requested to be included in the prior registration were not included in the prior registration as a result of cutback provisions imposed by a managing underwriter pursuant to Section 3(c) below, then the Holders shall have the right to demand one (1) additional registration on Form S-3 during such 12-month period;

(E) if the Company has, within the six month period preceding the date of such request, effected a Piggyback Registration in which all Holders were given registration rights pursuant to Section 2(a) and at least 50% of the number of Registrable Securities requested by such Holders to be included in the Piggyback Registration were included;

(F) if the Company has, within the six month period preceding the date of such request, effected a Demand Registration; or

(G) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Underwriting . If the Holders initiating the registration request under this Section 3 (the " Initiating Holders ") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of the request made pursuant to this Section 3 and the Company shall include such information in the notices referred to in Section 3(a)(i) and Section 3(b)(i), as applicable. In such event, the right of any Holder to include his, her or its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Company and approved by a majority in interest of the Initiating Holders. Notwithstanding any other provision of Section 3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Holders of Registrable Securities that would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated (i) first, to each of the Holders, on a pari passu basis based upon the Registrable Securities held by such Holders; (ii) second, to any other holders of incidental or "piggyback" registration rights requesting inclusion of their Registrable Securities in such registration statement, on a pari passu basis based upon the Registrable Securities held by such holders; and (iii) third, other securities of the Company to be registered on behalf of any other holder. If, as a result of the cutback provisions of

the preceding sentence, a Holder is not entitled to include all of its requested Registrable Shares in such registration, then the Holder may elect to withdraw its request to include any or all of its Registrable Shares in such registration. Any Registrable Securities excluded and withdrawn from such underwriting shall be withdrawn from the registration.

4. Registration Procedures . In the case of each registration effected by the Company pursuant to Section 2 or Section 3, the Company will use commercially reasonable efforts to effect such registration, including:

(a) Prepare and file with the Commission a registration statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall furnish to the counsel selected by the Holders of a majority of the Registrable Securities covered by such registration statement copies of all such documents proposed to be filed, including each preliminary prospectus, which documents shall be subject to the review and comment of such counsel);

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective until the earlier to occur of: (i) the sale or other disposition of all of the Registrable Securities and (ii) the expiration of a period of not less than thirty (30) days and comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition thereof by the Holders holding the securities covered by the registration statement as set forth in such registration statement;

(c) Furnish to each Holder promptly, and in no event more than five business days after the same is prepared and filed with the Commission, such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder;

(d) Use reasonable best efforts to register or qualify the Registrable Securities covered by the registration statement under such other securities or blue sky laws of such United States jurisdictions as the Holder thereof may reasonably request and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder, provided that the Company will not be required to (a) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify for this subparagraph, (b) subject itself to taxation in any such jurisdiction or (c) consent to general service of process in any such jurisdiction;

(e) Notify each Holder promptly, but in no event more than two business days after the occurrence of the event, at any time when a registration statement under the Act that registers any of such Holder's Registrable Securities is effective, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of such Holder, the Company will prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state a fact necessary to make the statements therein not misleading;

(f) use reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange or market on which the Company's Common Stock is then listed; and

(g) Furnish, at a Holder's request, on the date that the Holder's Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Agreement, if such securities

are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (A) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to a Holder, if Holder requests registration and (B) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any.

5. Registration Expenses; Delay .

(a) Expenses of Company Registration . The Company shall pay (i) all of the Registration Expenses and (ii) all transfer taxes and brokerage and underwriters' discounts and commissions attributable to the securities being sold by the Company. Each Holder shall pay all transfer taxes and brokerage and underwriters' discounts and commissions attributable to the Registrable Securities being sold by such Holder.

(b) Delay of Registration . No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation of this Agreement.

6. Requirement to Discontinue Disposition . Each Holder agrees that, upon receipt of any notice from Company of the happening of any event of the kind described in Section 4(e), such Holder will discontinue disposition of its Registrable Securities pursuant to such registration statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(e), or until such Holder is advised in writing by Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the prospectus, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities which are current at the time of the receipt of such notice.

7. Information from Holder . It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2 or Section 3 with respect to a Holder's Registrable Securities that such Holder furnish to the Company for inclusion in the specific registration statement (and any prospectus included therein) such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of Holder's Registrable Securities; provided that the use of such information shall be limited to the specific registration statement (or any prospectus included therein) for which it was provided and shall not be used in any summary or free writing prospectus.

8. Indemnification .

(a) The Company agrees to indemnify and hold harmless, to the extent permitted by law, each Holder, its directors and officers and each person who controls the Company (within the meaning of the Act) and any of such person's agents or representatives, its legal counsel and accountants, any underwriter and any controlling person of such underwriter, and its legal counsel against all losses, liabilities, claims, damages and expenses (" Losses ") caused by (A) any untrue or alleged untrue statement of material fact contained in any registration statement in which such Holder is participating, or any prospectus, preliminary prospectus, summary or free writing prospectus, or any amendment thereof or supplement to any of the foregoing or any omission or alleged omission of material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to the Company or any underwriter by such Holder expressly for use therein or results from such Holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such Holder

with the number of copies of the same requested by such Holder or (B) any violation or alleged violation by the Company of the Act, the Exchange Act, any state securities laws or any rule or regulation promulgated under the Act, the Exchange Act or any state securities laws in connection with the sale of securities by such Holder pursuant to any registration statement in which such Holder is participating, and the Company, in each case, will reimburse each such Holder, officer, director, controlling person or other aforementioned person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such losses, liabilities, claims, damages or expenses or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 8 shall not apply to amounts paid in settlement of any such Losses if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld).

(b) Each Holder, severally and not jointly, will indemnify, to the extent permitted by law, the Company, its directors and officers and each person who controls Company (within the meaning of the Act) and any of such person's agents or representatives, its legal counsel and accountants, any underwriter and any controlling person of such underwriter, against any Losses resulting from (A) any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder expressly for use in such registration statement, or (B) such Holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such Holder with the number of copies of the same requested by such Holder; and each such Holder will reimburse any person intended to be indemnified pursuant to this Section 8(b) for any legal or other expenses reasonably incurred by such person in connection with investigating or defending any such losses, liabilities, claims, damages or expenses or action as such expenses are incurred provided, however, that (i) the indemnity agreement contained in this Section 8(b) shall not apply to amounts paid in settlement of any Losses if such settlement is made without the consent of the Holder, which consent shall not be unreasonably withheld, and (ii) the obligations of such Holders hereunder shall be limited to an amount equal to the net proceeds to each such Holder from the sale of Registrable Securities in the transaction giving rise to the Losses.

(c) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Party (as defined herein) or any officer, director, or controlling person of such Indemnified Party and will survive the transfer of Registrable Securities. The Indemnifying Party also agrees to make such provisions, as are reasonably requested by an Indemnified Party, for contributions (in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the actions that gave rise to any Losses) to such party in the event such Indemnifying Party's indemnification is unavailable for any reason; provided, however, that in no event shall any contribution by a Holder under this Section 8(c) exceed the net proceeds to such Holder from the sale of Registrable Securities in the transaction giving rise to the Losses.

(d) Each party entitled to indemnification under this Section 8 (the " Indemnified Party ") shall give notice to the party required to provide indemnification (the " Indemnifying Party ") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at the Indemnified Party's expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 8 unless the Indemnifying Party is materially prejudiced thereby. No

Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of the Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. The Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(e) If the indemnification provided for in this Section 8 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any Losses, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other, in connection with the statements or omissions which resulted in Losses, as well as any other relevant equitable considerations; provided, however, that in no event shall any contribution by a Holder under this Section 8(e) exceed the net proceeds to such Holder from the sale of Registrable Securities in the transaction giving rise to the Losses. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with any underwritten public offering contemplated by this Agreement are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall be controlling.

(g) The obligations of the Company and Holders under this Section 8 shall survive the completion of any offering of Registrable Securities in a registration statement under Section 2 or Section 3 and otherwise.

9. Rule 144 Reporting . With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of restricted securities to the public without registration the Company agrees to:

(a) keep public information available as those terms are understood and defined in Rule 144, at all times from and after ninety (90) days following the effective date of the first registration under the Act filed by the Company for an offering of its Common Stock to the general public;

(b) file with the Commission all reports and other documents required of the Company under the Act and the Exchange Act at any time after it has become subject to such reporting requirements; and

(c) so long as any Holder owns any Registrable Securities, furnish to such Holder upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

10. " Market Stand-off" Agreement; Limit on Sale . (a) In connection with the Company's initial public offering, each Holder agrees not to sell or otherwise transfer or dispose of any capital stock or other securities of the Company, excluding capital stock acquired in the Company's initial public offering, held by such Holder during any time period (not to exceed 180 days, which period may be extended for up to 18

days) required by any underwriting agreement in connection with such initial public offering, provided that (i) all directors and officers of the Company and stockholders owning at least 1% of the Company's capital stock agree to the same transfer restrictions or to transfer restrictions which are more restrictive and (ii) if any waiver or early termination of such restrictions (in whole or in part) is granted to any person described in clause (i), then Investor shall be granted an equivalent waiver, applicable to the same percentage of Investor's shares as the percentage of such other person's shares subject to such waiver or early termination. If requested by a managing underwriter in connection with the Company's initial public offering, such Holder shall execute a separate agreement to the foregoing effect. The Company may impose stop-transfer instructions with respect to the shares (or securities) subject to the foregoing restriction until the end of such period.

(b) Investor hereby agrees that, except as set forth in Section 12 below, Investor will not sell or otherwise transfer any shares of the Class A Common Stock acquired by it pursuant to the Stock Purchase Agreement (other than to an Affiliate of Investor that agrees to be bound by this Agreement and provided that Investor remains liable for any breach of this Agreement by such Affiliate and such Affiliate transfers all such shares back to Investor if at any time within the period described in this Section 10(b) it is no longer an Affiliate of Investor) prior to the first anniversary of the Closing under the Stock Purchase Agreement.

(c) Each certificate representing Class A Shares shall contain the following legends:

> THE SALE, TRANSFER OR ASSIGNMENT OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER, A RIGHT OF REPURCHASE BY THE COMPANY AND OTHER TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OR HIS PREDECESSOR IN INTEREST. COPIES OF SUCH AGREEMENT MAY BE OBTAINED BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY.

11. Rights Granted to Other Investors . The Company shall not grant any registration rights relating to its securities after the date hereof without the written consent of the Holders of a majority of the Registrable Securities held by all Holders unless (i) such rights are subordinate to or pari passu with the rights of the Holders under this Agreement or (ii) the Company provides to all Holders registration rights pari passu with such rights.

12. Certain Rights of the Company and Investor . If the Company has not closed a Qualified IPO of its Class A Common Stock on or before December 31, 2007, then:

(a) Exchange Right . At any time on or after January 1, 2008 and prior to the closing of a Qualified IPO, Investor may, by written notice to the Company, exchange all (but not less than all) of its Class A Common Stock for an equal number of shares of Series A Preferred Stock (the " Exchange Shares "). Within five (5) business days of its receipt of such notice, the Company shall deliver to Investor validly authorized and executed certificates evidencing the Exchange Shares, against delivery by Investor of certificates evidencing the Class A Common Stock held by Investor, with appropriate stock powers. All Exchange Shares shall be validly authorized and issued, fully paid and non-assessable, and free of all liens, claims and encumbrances (other than any liens, claims or encumbrances created by or through Investor).

(b) Investor's Put Right . At any time on or after January 1, 2008 and prior to the earlier of (i) the

closing of a Qualified IPO in connection with which the Company has made to Investor the IPO Payment (if any) described below and (ii) the third anniversary of the Closing under the Stock Purchase Agreement, the holders of all such shares may, by written notice (which notice must be given at the times specified on Exhibit A to the extent applicable) to the Company, require that the Company purchase all (but not less than all) of the Class A Common Stock issued to Investor pursuant to the Stock Purchase Agreement and the related Series A Preferred Stock, at a purchase price (the " Repurchase Price ") sufficient to provide a cumulative internal rate of return of 15% per annum on the initial investment in the Company's capital stock (including, for the avoidance of doubt, any cash dividends paid on such stock) from the date of the Closing under the Stock Purchase Agreement through the date of payment of the Repurchase Price, or if the Company elects to pay the Repurchase Price in installments pursuant to Section 12(d) below, the date of payment of the applicable installment of the Repurchase Price. If the per share price to the public (before underwriting discount) in any Qualified IPO that closes on or after January 1, 2008 is less than the Repurchase Price, the Company shall pay the difference (i.e, the amount by which the Repurchase Price exceeds the price to the public in the Qualified IPO, multiplied by the number of Investor's Original Shares (as defined in the Stock Purchase Agreement) as adjusted pursuant to the Stock Purchase Agreement and this Investor Rights Agreement) to the holders in cash or shares at the closing of such Qualified IPO (the " IPO Payment "). If the IPO Payment is made in shares, the number of shares to be issued shall be equal to the quotient of the amount of the IPO Payment otherwise payable in cash divided by the price to the public (before underwriting discount) in the Qualified IPO.

(c) Company Call Right . At any time on or after January 1, 2008 and prior to the earlier of (i) the closing of a Qualified IPO and (ii) the third anniversary of the Closing under the Stock Purchase Agreement, the Company may, by written notice to the holders thereof, require that such holders sell to the Company all (but not less than all) of the Class A Common Stock issued to Investor pursuant to the Stock Purchase Agreement and the related Series A Preferred Stock, at the Repurchase Price; provided , however , that if the Company exercises this right prior to January 1, 2009 then for purposes of calculating the Repurchase Price, the Company shall be deemed to have paid the Repurchase Price on January 1, 2009, or, if the Company elects to pay the Repurchase Price in installments pursuant to Section 12(d) below and any such installment is paid after January 1, 2009, then the portion of the Repurchase Price paid on or prior to January 1, 2009 shall be deemed to have been paid on January 1, 2009 and installments paid after January 1, 2009 shall be deemed to have been paid on the date actually paid.

(d) Repurchase Mechanics . In the case of any purchase and sale pursuant to paragraphs (b) or (c) of this Section 12, the Repurchase Price shall be paid within five (5) business days after the delivery of the notice described above, or, if the Company elects, in four quarterly installments, with the first such payment to be made within five (5) business days after the delivery of the notice described above, and each subsequent payment to be made on the first business day that is at least 90 days after the date of the preceding payment. If the Company elects to pay the Repurchase Price in installments, each of such four payments shall consist of 25% of Investor's initial investment under the Stock Purchase Agreement, with an additional amount sufficient to provide an internal rate of return of 15% per annum (including, for the avoidance of doubt, any cash dividends paid on the stock repurchased) on such amount from the date of the Closing under the Stock Purchase Agreement through the date of the applicable payment (except as otherwise provided in Section 12(c) above with respect to purchases under Section 12(c) made prior to January 1, 2009). Each payment shall be made by wire transfer of immediately available funds to an account(s) designated by the holders, against delivery by the holders to the Company of the certificates evidencing the shares of Class A Common Stock or Series A Preferred Stock to be repurchased, with appropriate stock powers. All Class A Common Stock or Series A Preferred Stock sold by the holders to the Company shall be sold free and clear of all liens, claims and encumbrances created by the holders and their predecessors in interest, but shall otherwise be sold without recourse, representation or warranty of any kind.

(e) Parent Guaranty . Parent hereby unconditionally guarantees the timely performance of the Company's obligations under Section 12(b) above, and agrees that if for any reason the Company is unable to or is legally prohibited from performing such obligations, then the Parent shall purchase the shares that Investor desires to sell under Section 12(b), on the terms contained in this Section 12.

(f) Co-Sale Right . If, at any time on or after January 1, 2008 and prior to the closing of a Qualified IPO, Parent desires to sell any shares of the Company's capital stock, then Parent shall notify Investor at least 10 business days in advance of the closing of such sale, and provide Investor with a copy of all of the terms and conditions of such proposed sale (a " Sale Notice "). By notice to the Parent given within 7 business days of its receipt of the Sale Notice, Investor shall have the right to include in such proposed sale, on all of the terms and conditions thereof, a portion of such Investor's Class A Common Stock and Series A Preferred stock then owned by Investor that is in the same proportion to the total number of Class A Common Stock and Series A Preferred Stock then owned by Investor as the number of shares of the Company's capital stock to be sold by Parent bears to the total number of shares of the Company's capital stock then owned by Parent. If the purchaser in the proposed sale is not willing to purchase all of the shares that Investor and Parent desire to sell, then shares shall be included in the proposed sale on a pro rata basis in proportion to the total number of shares that Investor and Parent desire to sell.

13. Preemptive Right . If at any time prior to the closing of a Qualified IPO, the Company desires to issue any capital stock (other than stock issuable (i) upon the exercise of warrants, options or rights or the conversion of convertible securities outstanding on the date of this Agreement, (ii) under compensatory plans approved by the Company's Board of Directors or an authorized committee thereof, (iii) in a Qualified IPO, or (iv) in connection with a bona fide acquisition by the Company) the Company shall provide Investor with at least 10 business days prior notice of such contemplated issuance and the price and terms on which such stock is to be issued (the " Offer Notice "). The Investor may elect, by notice to the Company within 7 business days after its receipt of the Offer Notice to purchase in such offering up to that number of shares that will preserve the percentage ownership of Investor in the Company (on a fully diluted basis assuming the exercise of all outstanding options and warrants and the conversion of all convertible securities) after the completion of the proposed offering.

14. Corporate Opportunity . The Agreed Investor Designee (as defined in the Stock Purchase Agreement) shall have, and Parent acknowledges that the Agreed Investor Designee shall have, no duty or obligation to present any corporate opportunity to the Company unless the corporate opportunity is expressly presented to the Agreed Investor Designee in such Agreed Investor Designee's capacity as a director of the Company or the Agreed Investor Designee otherwise first acquires knowledge of the corporate opportunity in the course of such Agreed Investor Designee's activities as a director of the Company.

15. Termination . The registration rights set forth in this Agreement shall terminate and not be available to each Holder on the earlier of (i) the date that the Registrable Securities then owned by such Holder can be sold without restriction in any 90-day period pursuant to Rule 144 under the Act, (ii) the date that is five (5) years following the consummation of the Company's initial public offering of its Common Stock, and (iii) the closing of a transaction that constitutes a Change of Control. In addition, the registration rights set forth in this Agreement shall terminate with respect to any Registrable Securities upon the transfer or assignment of such Registrable Securities to any Person or Persons other than Affiliates of Investor. Upon termination pursuant to this Section 15 the Company shall no longer be obligated to provide notice of a proposed registration to the holder of such Registrable Securities.

16. Notices . All communications provided for hereunder shall be sent by first-class mail or facsimile and (a) if addressed to a Holder, addressed to the Holder at the address or fax number set forth below such Holder's signature, or at such other address or fax number as such Holder shall have furnished to the Company in writing or (b) if addressed to the Company, to the address or fax number set forth below the Company's signature or at such other address or fax number, or to the attention of such other officer, as the Company shall have furnished to Holder in writing. Notices sent by first-class mail shall be deemed received three days after the date of deposit of such notice in the United States mail with certified mail receipt requested, postage prepaid, and addressed to the other party as set forth below. Notices sent by

facsimile shall be deemed received upon receipt by the notified party's facsimile machine if sent during normal business hours of the recipient with confirmation of sending to the fax number set forth below, or if sent outside normal business hours with confirmation of sending, then notice shall be deemed to have been duly given on the next business day.

17. Directors and Officers Insurance Covenant . The Company will ensure that any director named by Investor to the Company's board of directors shall be provided with the same directors and officers insurance coverage (including, without limitation, coverage under policies provided, obtained or maintained by Parent) and shall be entitled to the same indemnification rights with respect to acts and omissions in such persons capacity as a director of the Company as are provided to the other directors of the Company. The Company has advised Investor that current policies currently provide $25 million of coverage for each director.

18. No Assignment . This Agreement is personal to Investor and shall not be assignable, by operation of law or otherwise to any third party. Notwithstanding the foregoing, Investor may assign to an Affiliate of Investor its rights hereunder, provided that: (i) the Company is given written notice at the time of said transfer or assignment identifying the name and address of the Affiliate, (ii) the Affiliate Transferee assumes in writing the obligations of the Investor under this Agreement, (iii) Investor remains liable for any breach of this Agreement by the Affiliate and (iv) all rights and obligations so transferred or assigned to an Affiliate are transferred or assigned back to Investor if such Affiliate ceases to be an Affiliate of Investor.

19. Descriptive Headings . The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not limit or otherwise affect the meaning hereof.

20. Governing Law . This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware.

21. No Inconsistent Agreements . The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities that conflicts with or would limit the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

22. Amendments and Waivers . Any term of this Agreement may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) only upon the written consent of the Company and each Investor. The failure of any party to insist on or to enforce strict performance by the other parties of any of the provisions of this Agreement or to exercise any right or remedy under this Agreement shall not be construed as a waiver or relinquishment to any extent of that party's right to assert or rely on any provisions, rights or remedies in that or any other instance; rather, the provisions, rights and remedies shall remain in full force and effect.

23. Counterparts . This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

24. Effectiveness . This Agreement shall become effective simultaneously with the occurrence of the Closing under the Stock Purchase Agreement. In the event that the Closing under the Stock Purchase Agreement has not occurred by December 31, 2007 or the Stock Purchase Agreement is terminated prior to the Closing thereunder, then at such time this Agreement shall be void and of no further force or effect, and no party hereto shall have any liability to any other party hereunder.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed and delivered as of the date first above written.

COMPANY
VMWARE, INC.

By: _____
Name:
Title:

3401 Hillview Avenue
Palo Alto, California 94304
Attn: Legal Department
Phone: (650) 427-5000
Fax: (650) 427-5001

INVESTOR
INTEL CAPITAL CORPORATION

By: _____
Name: Arvind Sodhani
Title: President

c/o Intel Corporation
2200 Mission College Blvd., M/S RN6-46
Santa Clara, California 95052
Attn: Intel Capital Portfolio Manager
Fax: (408) 765-6038
With a copy by e-mail to:
portfolio.manager@intel.com

Solely for purposes of Section 12(e), Section 12(f) and Section 14 of this Agreement:

PARENT
EMC CORPORATION

By: _____
Name:
Title:

176 South Street
Hopkinton, Massachusetts 01748
Attn: Office of the General Counsel
Phone: (508) 435-1000
Fax: (508) 497-6915

Exhibit A

Terms of Series A Preferred Stock

Protective Provisions:

For so long as Investor holds a number of shares of Series A Preferred representing at least 50% of the number of shares of Class A common stock originally issued at the closing, Company would not, without the written consent of the then-current holders of at least 50% of the Series A Preferred, either directly or by amendment, merger, consolidation or otherwise:

create or authorize the creation of or issue any other security convertible into or exercisable for any equity security, having rights, preferences or privileges senior to the securities held by Investor, whether by reclassification, merger or otherwise, or increase the authorized number of Series A Preferred;

create or authorize the creation of any debt or debt security, including any debt secured by any material assets of Company, other than debt issued in the ordinary course of business; or

amend, alter or repeal any provision of the Certificate of Incorporation which alters or changes the powers, preferences or special rights of the Series A Preferred so as to affect them adversely.

provided, however, that nothing contained above will give rise to a separate class vote to approve a merger where the consideration consists entirely of cash.

Dividends:

Annual 4% cumulative dividend compounded annually, payable upon a liquidation or redemption.

Price Based Anti-dilution:

Full-ratchet for issues below Repurchase Price, other than in a Qualified IPO for which the Company has made the payment described under Mandatory Conversion, below. Subject to standard exceptions. Any payment to Investor made under this provision shall be treated for U.S. federal income tax purposes as an adjustment of the purchase price paid by Investor for the Shares to the extent permitted by U.S. federal income tax law.

Mandatory Conversion:

Mandatory conversion upon (i) a Qualified IPO (provided that if the price per share in the Qualified IPO is less than the Repurchase Price, the Company shall pay the difference (i.e, the amount by which the Repurchase Price exceeds the price to the public in the Qualified IPO, multiplied by the number of Investor's Original Shares (as defined in the Stock Purchase Agreement) as adjusted pursuant to the Stock Purchase Agreement and this Investor Rights Agreement) to Investor in cash or shares immediately prior to such conversion) or (ii) upon conversion of more than 50% of the then outstanding Series A Preferred (with the consent of the Investor so long as the Investor owns any Series A Preferred).

If the IPO Payment is made in shares, the number of shares to be issued shall be equal to the quotient of the amount of the IPO Payment otherwise payable in cash divided by the price to the public (before underwriting discount) in the Qualified IPO.

	The Company shall give Investor notice of its intention to file a registration statement relating to a Qualified IPO not later than the date of filing of a registration statement which includes a price per share range on the prospectus cover page, which notice shall specify the anticipated pricing date of such offering which shall be a date not less than 45 days or more than 90 days after to the notice date. The Company shall advise Investor promptly of any change in such price per share range. Investor shall then notify the Company not less then 30 days before the anticipated pricing date whether it intends to exercise its put right under Section 12(b) of the Class A Common Stock Purchase Agreement. Any failure to provide such put notice shall preclude the Investor from exercising its put right for any Qualified IPO which is completed within 90 days after the anticipated pricing date at a price within the range provided to Investor. Any payment to Investor made under this provision shall be treated for U.S. federal income tax purposes as an adjustment of the purchase price paid by Investor for the Shares to the extent permitted by U.S. federal income tax law.
Investor Rights :	Standard pro-rata preemptive rights (which terminate at Qualified IPO), registration rights, information rights and restrictions on transfer which rights and restrictions are substantially on the terms set forth in the Class A Common Stock Purchase Agreement.
Right of Co-Sale :	Investor would have right of co-sale with respect to any shares proposed to be sold by Parent or executive officers of Company on substantially the terms set forth in the Class A Common Stock Purchase Agreement.

FORM OF
OPTION AGREEMENT-EARLY EXERCISE

THIS OPTION AGREEMENT (this "Agreement") dated as of [ ] ("Grant Date"), is between VMware, Inc., a Delaware corporation (the "Company"), and [ ] (the "Participant"), relating to options granted under the VMware, Inc. 2007 Equity and Incentive Plan (the "Plan"). Capitalized terms used in this Agreement without definition shall have the meaning ascribed to such terms in the Plan.

1. Grant of Equity Option, Equity Option Price and Term .

(a) The Company grants to the Participant an option (the "Option") to purchase [ ] shares of Stock, at a price of $[ ] per share (the "Purchase Price"), subject to the provisions of the Plan and the terms and conditions herein. The Option is not an incentive stock option within the meaning of Section 422 of the Code.

(b) The term of this Option shall be a maximum period of six (6) years from the Grant Date (the "Option Period"). During the Option Period, the Option shall be exercisable as of the date set forth below according to the percentage set forth opposite such date, subject to the Participant's continued service as a member of the Board:

Date	Cumulative Percentage Exercisable
1 year following the Grant Date	**33%**
2 years following the Grant Date	**33%**
3 years following the Grant Date	**34%**

Notwithstanding the foregoing, as described in and subject to the conditions of Section 2(c), the Participant may exercise this Option without regard to the foregoing schedule.

(c) Notwithstanding the foregoing, unless otherwise determined by the Committee in its sole discretion, in the event the Participant incurs a termination of employment for any reason whatsoever such that the Participant is no longer in the service of any of the Company, the Subsidiaries or the Parent, then the Option, to the extent not otherwise exercisable shall terminate and to the extent exercisable at the time of such termination, may be exercised for the lesser of ninety (90) days from the date of such termination of service or the remainder of the Option Period, unless such termination is (i) for Cause, in which case the

Option will terminate immediately or (ii) due to the Participant's death or disability (as defined under the applicable long-term disability plan of the Company or a Subsidiary, or, if there is no such plan, as determined by the Committee), in which case the Option shall become 100% exercisable and may be exercised for three (3) years from the date of such termination of employment or if earlier, the remainder of the Option Period. The occurrence of any of the following, as reasonably determined by the Company in good faith, shall constitute "Cause," provided that the Participant has been given notice by the Company of the existence of Cause and, if the existence of Cause is curable, a reasonable opportunity to cure the existence of such Cause:

(i) willful neglect, failure or refusal by the Participant to perform his or her duties (except resulting from the Participant's incapacity due to illness) as reasonably directed by his or her employer;

(ii) willful misconduct by the Participant in the performance of his or her duties;

(iii) the Participant's indictment for a felony (other than traffic related offense) or a misdemeanor involving moral turpitude; or

(iv) the Participant's commission of an act involving personal dishonesty that results in financial, reputational, or other harm to the Company and its affiliates and subsidiaries, including, but not limited to, an act constituting misappropriation or embezzlement of property.

(d) Unless otherwise determined by the Committee, the Option granted hereunder is not transferable by the Participant except by will or the laws of descent and distribution.

(e) The Company shall not be required to issue any fractional shares of Stock pursuant to this Option.

2. Exercise .

(a) Unless otherwise determined by the Committee, the Option shall be exercisable during the Participant's lifetime only by the Participant (or his or her legal representative), and after the Participant's death only by the Participant's legal representative. Subject to Section 2(b) below, the Option may only be exercised by the delivery to the Company of a properly completed written notice, in form specified by the Committee or its designee, which notice shall specify the number of shares of Stock to be purchased and the aggregate exercise price for such shares, together with payment in full of such aggregate exercise price. Payment shall be made in the manner permitted in Section 6(b)(i)(B) of the Plan or as authorized by the Committee pursuant to such section. The Option may not be exercised unless the Participant agrees to be bound by such documents as

the Committee may reasonably require, including, if the Option is exercised prior to an IPO (as defined below), a stockholder's agreement. The Committee may deny any exercise permitted hereunder if the Committee determines, in its discretion, that such exercise could result in a violation of federal or state securities laws.

(b) Without limiting the provisions of Section 1(b), the Participant may elect to exercise this Option as to shares of Stock which have not yet become exercisable as set forth in Section 1(b) ("Unvested Shares"). If the Participant so elects, the Terms of Restricted Stock Purchase set forth in Exhibit 1 hereto shall govern the rights and obligations of the Participant and the Company with respect to the Unvested Shares acquired upon such exercise of the Option. The Terms of Restricted Stock Purchase provide that, among other things, if the Participant's status as a member of the Board terminates for any reason, including for Cause, death or disability, the Company shall have the right and option to purchase from Participant, or Participant's personal representative, as the case may be, all of the shares of stock that have not vested as of the date of such termination at the Purchase Price (the "Repurchase Option"). The Participant hereby agrees that Unvested Shares so purchased shall be held in escrow until the Company exercises its Repurchase Option or until such Unvested Shares vest. By accepting the terms of this Option Agreement, Participant agrees to be bound by the Terms of Restricted Stock Purchase, including the Repurchase Option, in the event Participant elects to exercise this Option as to Unvested Shares. In addition, by executing a Stock Option Cash Exercise Letter of Authorization, the Participant shall agree to be bound by the Terms of Restricted Stock Purchase.

(c) If the Option is not exercised in full prior to [ ], the Option shall immediately terminate on such date.

3. **Payment of Withholding Taxes .** If the Company or any other Subsidiary is obligated to withhold an amount on account of any tax imposed as a result of the exercise of the Option, the Participant shall be required to pay such amount to the Company prior to delivery of shares of Stock.

4. **Plan .** The Option is granted pursuant to the Plan, and the Option and this Agreement are in all respects governed by the Plan (the terms of which are incorporated herein by reference) and subject to all of the terms and provisions thereof, except as otherwise set forth herein. The Participant shall be entitled to receive financial statements of the Company if and to the extent required in order to comply with applicable law.

5. **Employment Rights .** No provision of this Agreement or of the Option granted hereunder shall give the Participant any right to continue in the employ of the Company, a Subsidiary or the Parent, create any inference as to the length of employment of the Participant, affect the right of an employer to terminate the employment of the Participant, with or without Cause, or give the Participant any right to participate in any employee welfare or benefit plan or other program (other than the Plan).

6. **Governing Law .** This Agreement and the Option granted hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware (other than its laws respecting choice of law).

7. **Waiver; Cumulative Rights .** The failure or delay of either party to require performance by the other party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived in writing. Each and every right hereunder is cumulative and may be exercised in part or in whole from time to time.

8. **Notices .** Any notice which either party hereto may be required or permitted to give the other shall be in writing and may be delivered personally or by mail, postage prepaid, addressed to the Company, at the addressed provided below, and the Participant at his address as shown on the Company's payroll records, or to such other address as the Participant, by notice to the Company, may designate in writing from time to time.

To the Company: VMware, Inc.
3401 Hillview Avenue
Palo Alto, CA 94304
Attention: Legal Department

9. **Complete Agreement .** This Agreement, those documents expressly referred to herein, and the Plan embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

[Signature Page Follows]

IN WITNESS WHEREOF , the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and the Participant has hereunto set his hand.

On Behalf of the Company:	**Participant:**
VMware, Inc.	[NAME]

EXHIBIT 1

TERMS OF RESTRICTED STOCK PURCHASE

In the event that Participant elects to purchase shares of Stock which have not become exercisable under the schedule set forth in the Option Agreement ("Unvested Shares"), pursuant to the Option Agreement and the Stock Option Cash Exercise Letter of Authorization, as a condition to Participant's election to exercise the Option, Participant has agreed to these Terms of Restricted Stock Purchase which set forth the rights and obligations of the Participant and the Company with respect to Unvested Shares acquired upon exercise of the Option. Unless otherwise defined herein or in the Option Agreement, capitalized terms herein shall have the meaning set forth in the VMware, Inc. 2007 Equity and Incentive Plan (the "Plan").

1. Repurchase Option .

(a) If Participant's status as a member of the Board is terminated for any reason other than death or disability, the Company shall have the right and option to purchase from Participant, or Participant's personal representative, as the case may be, all of the Participant's Unvested Shares as of the date of such termination at the price paid by the Participant for such shares of Stock (the "Repurchase Option").

(b) Upon the occurrence of such termination, the Company may exercise its Repurchase Option by delivering personally or by registered mail, to Participant (or his transferee or legal representative, as the case may be) with a copy to the escrow agent described in Section 2 below, a notice in writing indicating the Company's intention to exercise the Repurchase Option and, at the Company's option, (i) by delivering to the Participant (or the Participant's transferee or legal representative) a check in the amount of the aggregate repurchase price, or (ii) by the Company canceling an amount of the Participant's indebtedness to the Company equal to the aggregate repurchase price, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such aggregate repurchase price. Upon delivery of such notice and payment of the aggregate repurchase price in any of the ways described above, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and the rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unvested Shares being repurchased by the Company.

(c) Whenever the Company shall have the right to repurchase Unvested Shares hereunder, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations to exercise all or a part of the Company's Repurchase Option under this Agreement and purchase all or a part of such Unvested Shares.

(d) If the Company does not elect to exercise the Repurchase Option conferred above by giving the requisite notice within ninety (90) days following the termination, the Repurchase Option shall terminate.

(e) The Repurchase Option shall terminate in accordance with the exercise schedule contained in Participant's Option Agreement.

2. Transferability of the Stock .

(a) Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Company, to transfer the Unvested Shares as to which the Repurchase Option has been exercised from Participant to the Company.

(b) To insure the availability for delivery of Participant's Unvested Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 1, Participant hereby appoints the Secretary of the Company, or any other person designated by the Company as escrow agent, as its attorney-in-fact to sell, assign and transfer unto the Company, such Unvested Shares, if any, repurchased by the Company pursuant to the Repurchase Option and shall, upon exercise of the Option, deliver and deposit with the Secretary of the Company, or such other person designated by the Company, the share certificates representing the Unvested Shares. The Unvested Shares and stock assignment shall be held by the Secretary of the Company in escrow, until the Company exercises its Repurchase Option, until such Unvested Shares are vested, or until such time as these Terms of Restricted Stock Purchase are no longer in effect. Upon vesting of the Unvested Shares, the escrow agent shall promptly deliver to the Participant the certificate or certificates representing such shares of Stock in the escrow agent's possession belonging to the Participant, and the escrow agent shall be discharged of all further obligations hereunder; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as escrow agent if so required pursuant to other restrictions imposed pursuant to the Option Agreement or these Terms of Restricted Stock Purchase.

(c) The Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the shares of Stock in escrow and while acting in good faith and in the exercise of its judgment.

(d) Transfer or sale of the shares of Stock is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any transferee shall hold such shares of Stock subject to all the provisions hereof and the Authorization executed by the Participant with respect to any Unvested Shares purchased by Participant and shall acknowledge the same by signing an acknowledgement in a form acceptable to the Company.

3. Ownership, Voting Rights, Dutie s. These Terms of Restricted Stock Purchase shall not affect in any way the ownership, voting rights or other rights or duties of Participant, except as specifically provided herein.

4. Legends . The share certificate evidencing the shares of Stock issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable federal and state securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF

REPURCHASE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

5. Adjustment for Stock Split . All references herein to the number of shares of Stock and the purchase price of the shares of Stock shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the shares of Stock which may be made by the Company pursuant to the Plan after the date of exercise.

6. Notices . Notices required hereunder shall be given in person or by registered mail to the address of Participant shown on the records of the Company, and to the Company at its principal executive offices.

7. Survival of Terms . These Terms of Restricted Stock Purchase shall apply to and bind Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

8. Section 83(b) Election . Participant hereby acknowledges that he or she has been informed that, with respect to the exercise of an Option for Unvested Shares, an election (the "Election") may be filed by the Participant with the Internal Revenue Service, within 30 days of the purchase of the exercised shares of Stock, electing pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the exercised shares of Stock and their Fair Market Value on the date of purchase. This will result in a recognition of taxable income to the Participant on the date of exercise, measured by the excess, if any, of the Fair Market Value of the exercised shares of Stock, at the time the Option is exercised over the purchase price for the exercised shares of Stock. Absent such an Election, taxable income will be measured and recognized by Participant at the time or times on which the Company's Repurchase Option lapses. Participant is strongly encouraged to seek the advice of his or her own tax consultants in connection with the purchase of the shares of Stock and the advisability of filing of the Election under Section 83(b) of the Code.

PARTICIPANT ACKNOWLEDGES THAT IT IS PARTICIPANT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON PARTICIPANT'S BEHALF.

9. Representations . Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by these Terms of Restricted Stock Purchase. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that he or she (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

10. Governing Law . These Terms of Restricted Stock Purchase shall be governed by the internal substantive laws, but not the choice of law rules, of the State of Delaware.

11. Acknowledgement . Participant represents that he or she has read these Terms of Restricted Stock Purchase and is familiar with its terms and provisions. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under these Terms of Restricted Stock Purchase.

Participant:

[NAME]
Date: _____, 200_

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in Amendment No. 2 to this Registration Statement on Form S-1 of our report dated April 17, 2007, except for Note A—Revision of Financial Statement Presentation, as to which the date is July 5, 2007, relating to the financial statements and financial statement schedule of VMware, Inc. which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Jose, CA
July 9, 2007